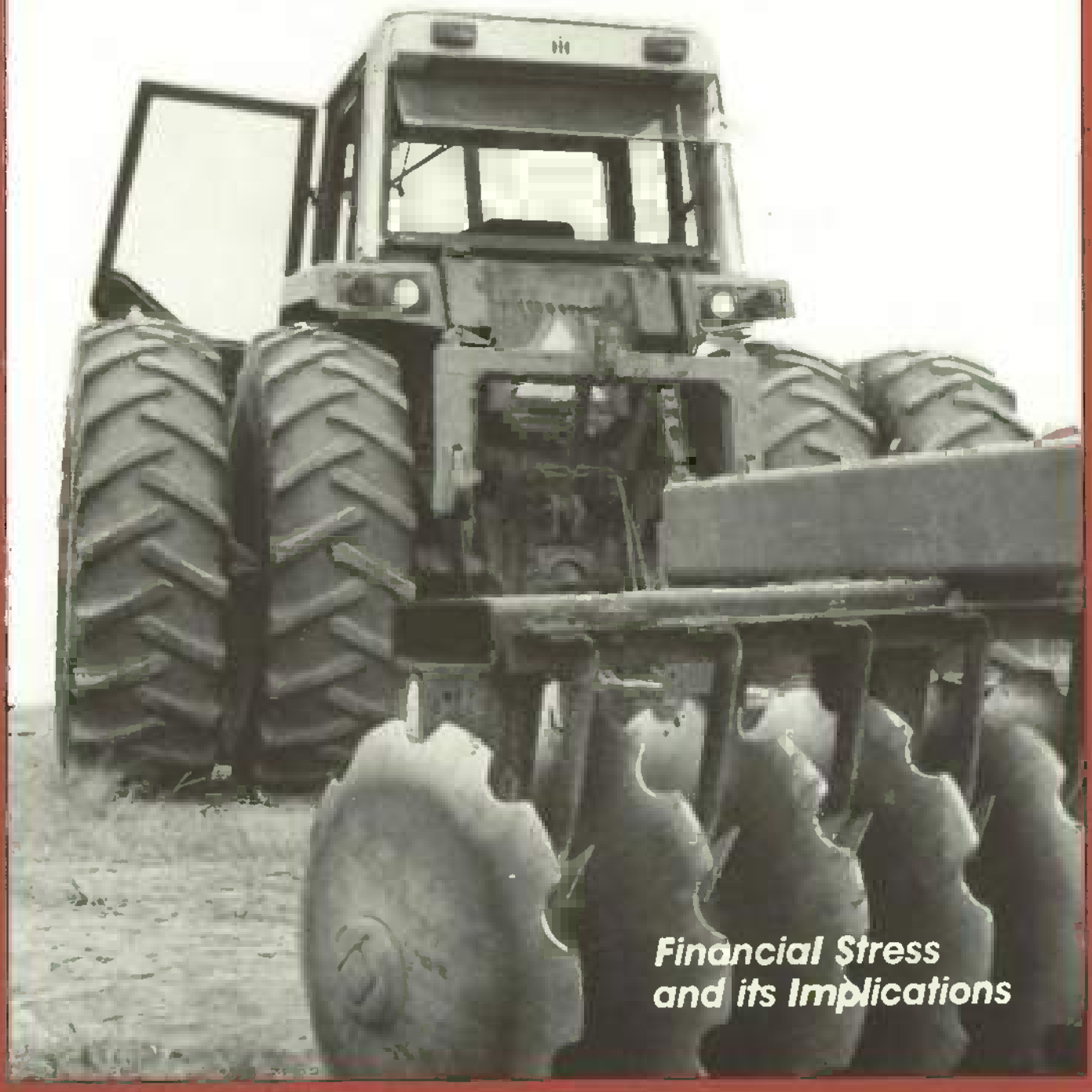
AGRICULTURAL OUTLOOK

April 1985

Economic Research Service
United States Department of Agriculture



Financial Stress and its Implications

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AGRICULTURAL OUTLOOK

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In Brief. . . News of Farmers' Financial Stress, 1985 Crops & U.S. Exports

Many farmers have felt increasing financial stress over the past 4 years. Farm-sector returns are depressed and farm asset values have dropped. Hardest hit are the Corn Belt and the upper Midwest, where asset values have dropped severely. Persistent cash-flow problems weaken the ability of many farmers to service their debts, and the declines in their farm asset values make it hard for them to access operating credit.

Farming operations that were financially sound as recently as 2 years ago may not be able to receive credit extensions today because of declining asset values. In extreme cases, some farmers face forced liquidations, foreclosures, and bankruptcies. Other farmers with less severe financial problems worry that continued low farm commodity prices and declining asset values will put them in the same position. With more and more distressed farm assets put on the resource market, farmland values and prices for used machinery have fallen, and may fall even more if the trend continues.

For 1985, net cash income is forecast between $33 and $38 billion, compared with the $34 and $38 billion expected for 1984 and the record $40.1 billion for 1983. Net farm income (which measures the income generated from a given calendar year's production) should range between $20 and $25 billion in 1985, compared with $29 to $33 billion for 1984, and 16.1 billion for 1983.

Declining returns, drought in many areas, and cattle sales to generate additional cash flow have pushed down cattle numbers since 1982. On January 1, 1985, the inventory of cattle and calves was down 3 percent from a year earlier and the lowest since 1968. The number of beef cows fell 6 percent from a year earlier, about the same as the 1969 inventory.

Preliminary slaughter data through early March suggest that producers are following through with their intentions of having fewer sows farrow in

first-half 1985. Continuing low returns and financial stress appear to be the primary factors for the reduction. In 1984, farrow-to-finish producers' returns were only slightly higher than in 1983, when producers just about covered cash costs.

However, broiler producers' returns have been positive since early 1984. These positive returns and lower feed costs have encouraged increased production.

In December, winter wheat farmers reported that they planted 57.6 million acres last fall. This represents the smallest acreage since 1979 and is 9 percent smaller than in 1984. In February, spring wheat growers said they would raise their 1985 seedings 8 percent from 1984. Overall, 1985's wheat acreage may be down about 5 million acres, or 6 percent, from 1984.

Freezing temperatures during late January 1985 reduced Florida's winter vegetable production perhaps more severely than the Christmas freeze last season. This year's cold snap reached farther south, immediately cutting in half Florida's shipments of snap beans, cucumbers, eggplant, bell peppers, squash, and tomatoes. Florida, the principal domestic supplier of these six winter fresh vegetables, competes with Mexico for the U.S. market during January to March. If Mexico's average yields are higher this season, its vegetables will claim a larger share of this U.S. market for the third consecutive season.

The volume of U.S. farm products exported will probably decline slightly this year, and lower prices will lead export value to fall even further. For fiscal 1985, export value may recede to $34.5 billion, 9 percent below last year, while imports should total $19.5 billion. This modest increase in agricultural imports, combined with lower exports, is expected to reduce the farm trade surplus to $15 billion. This would be $4.1 billion below 1984's surplus and the smallest since 1978.

Consumers are expected to spend 4 to 6 percent more for domestic farm foods in 1985. Their expenditures will rise because of slightly higher per capita food consumption, an increase in the U.S. population, and small increases in retail food prices. The rise in retail prices is expected to account for 2 to 5 percent of the increase; population growth, about 1 percent; and per capita consumption, about 0.5 percent, after falling in 1984.

Farmers are adjusting to low prices, high interest rates, and generally low returns. During the 1970's, farmers responded to export growth and rising prices by increasing the use of fertilizer, adding labor-saving machinery, expanding farm size, and investing in land and real estate improvements. Farmers financed much of this expansion by going into debt. Now that conditions in the 1980's have changed, this debt burden has greatly limited their flexiblity.

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Agricultural Economy

FINANCIAL CONDITIONS OF FARMERS

Many farmers have felt increasing financial stress over the past 4 years. Farm-sector returns are depressed and farm asset values have dropped. Hardest hit are the Corn Belt and the upper Midwest, where asset values have dropped severely. Persistent cash-flow problems weaken the ability of many farmers to service their debts, and the declines in their farm asset values make it hard for them to access operating credit.

Farming operations that were financially sound as recently as 2 years ago may not be able to receive credit extensions today because of declining asset values. In extreme cases, some farmers face forced liquidations, foreclosures, and bankruptcies. Other farmers with less severe financial problems worry that continued low farm commodity prices and declining asset values will put them in the same position. With more and more distressed farm assets put on the resource market, farmland values and prices for used machinery have fallen, and may fall even more if the trend continues.

Causes of Farm Financial Stress Are Diverse

Farmers' current financial problems stem from a combination of (1) lower current incomes, (2) prospects for little or no improvement in cash income in 1985, and (3) asset values adjusting downward to be more consistent with market expectations.

The current situation has its roots in the inflationary decade of the 1970's: farmers must adjust from that period to the sharply different economic conditions of the 1980's. Over the decade of the 1970's, farmers faced an economic environment of rapidly expanding export demand, accelerating inflation, and low real interest rates (the nominal interest rate minus the inflation rate). Farmers responded by borrowing heavily: they invested in new capital equipment, adopted new production technologies, and purchased increasingly expensive farmland.

Farm debt increased at average annual rates of over 10 percent. Rising land values, increasing at over 14 percent a year, provided them with their economic rationale, as well as the apparent security for both farmers and lenders to expand and rollover debt.

By the early 1980's, the course taken in the 1970's had reversed direction:

- Inflation was slowed by stringent control of monetary growth;
- Real interest rates, which had been low or negative throughout the 1970's, increased rapidly to unprecedented levels of 8 to 10 percent;
- A worldwide recession weakened international markets; and
- The value of the dollar rose rapidly against major currencies, putting a damper on export demand for U.S. farm products.

Farm commodities in foreign and domestic markets were too plentiful to sustain the prices that had prevailed during the 1970's. So, commodity prices and farmers' incomes dropped significantly. Land values, which depend on both current farm income and future prospects for income growth, also began to decline. Some farmers could no longer sustain the debt level they had assumed during the 1970's. Farmers whose solvency depended on continuously rising land values or who pursued an aggressive expansion strategy found themselves pushed toward insolvency. Even some farmers who adopted more cautious financial strategies in the 1970's are now feeling financial stress.

Land Values Peaked and Are Now Declining

Farmland prices peaked in 1981 after 3 decades of uninterrupted increases. By April 1984, declines as sharp as 28 percent had been registered in parts of the Corn Belt and upper Midwest. Land values continued to drop throughout the Midwest in 1984, and probably will decline further in 1985.

Depreciation that has occurred since 1981 has brought land values back to their mid-1970's level. Many of the farmers who made major capital purchases or started farming in the late 1970's now have debts that exceed the value of their assets—especially if they paid above-average prices for their land, or financed a high proportion of their purchases.

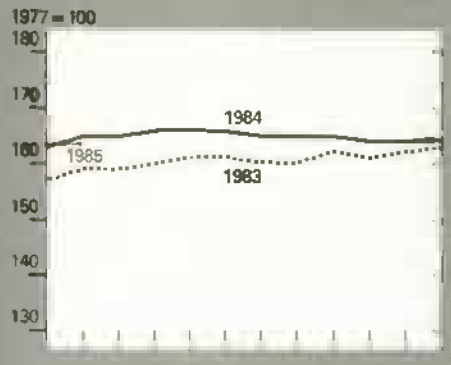
Farmers' equity and lenders' security are reflected by the cash flow and net worth of farm businesses. Cash flow indicates the amount of short-run net cash income from all sources that a farm can use for servicing debts after meeting family living needs (i.e., it is an indicator of the repayment capacity of the farm business).

The severity of farm financial problems is suggested by the following:

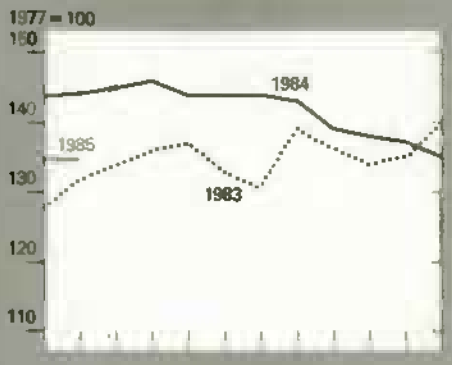
- At current rates of interest and levels of net returns in farming, farms with debt/asset ratios of over 40 percent are likely experiencing cash shortfalls; farms with debt/asset ratios of over 70 percent are almost certain to have serious cash shortfalls.
- As of January 1984, as many as 143,000 farms of all sizes had debt/asset ratios above 70 percent. These very highly leveraged farms made up only 6.6 percent of all farms, but held almost 24 percent of all farm debt. Many were rapidly consuming their remaining equity.
- Some 243,000 farms had debt/asset ratios of from 40 to 70 percent. These farms, termed "highly leveraged," tended to have serious cash shortfalls, and held 32.5 percent of all farm debt.

Prime Indicators of the Agricultural Economy

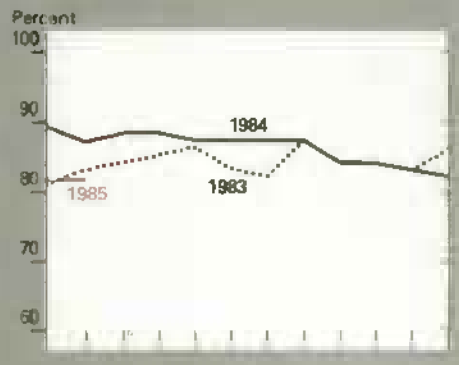
Prices paid by farmers[1]



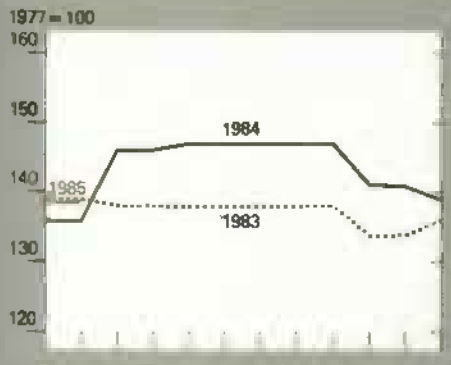
Prices received by farmers[2]



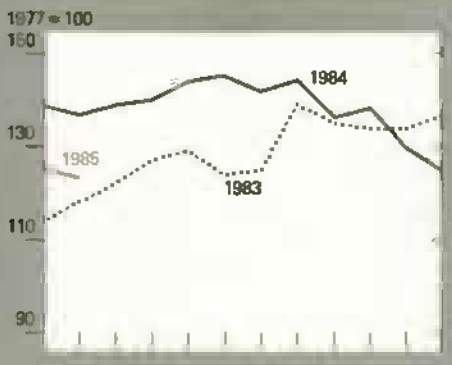
Ratio of prices received to prices paid



Fertilizer prices[3]

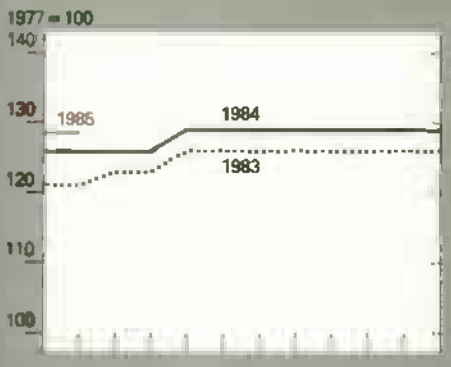


All crops[4]

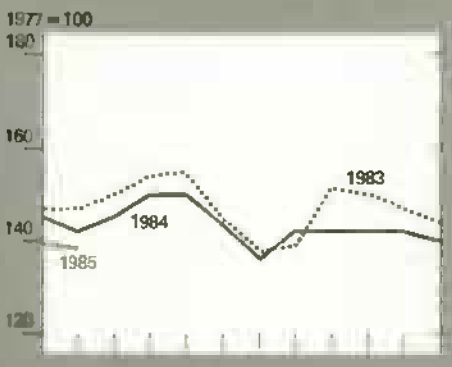


Livestock and products[4]

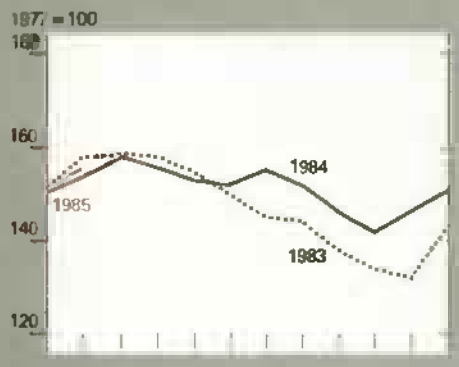
Agricultural chemicals[3]



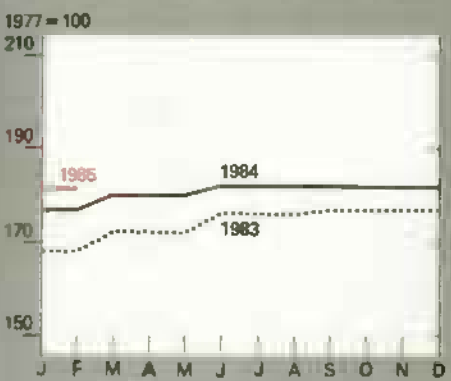
Food grains[4]



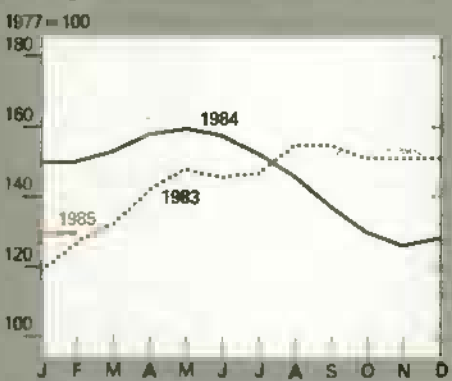
Meat animals[4]



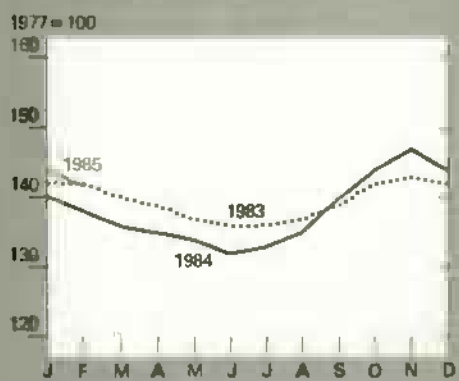
Tractors and self-propelled machinery[3]



Feed grains and hay[4]



Dairy products[4]



[1]For commodities and services, interest, taxes, and wages

[2]For all farm products

[3]Index of prices paid; 1977 = 100.

[4]Index of prices received; 1977 = 100.

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Distribution of Farms by Debt/Asset Ratio and Sales Class, January 1984[1]

Sales classes	Highly leveraged (debt/asset ratios: 40 to 70%) Percent of class	Number of farms	Percent of debt	Very highly leveraged (debt/asset ratios over 70%) Percent of class	Number of farms	Percent of debt
$500,000 and over . .	17.4	5,200	4.8	15.3	4,500	4.9
$250,000 - $499,999.	19.0	17,600	5.1	12.6	11,000	4.2
$100,000 - $249,999.	18.1	52,800	10.5	9.2	26,400	5.9
$ 50,000 - $ 99,999.	14.7	44,000	6.2	8.7	26,400	3.9
Less than $ 50,000.	8.3	123,200	5.8	5.0	74,800	4.8
All farms.	11.1	243,000	32.5	6.6	143,000	23.7

[1] Totals may not add due to rounding.

Of course, not all of the farms in the highly and very highly leveraged categories are under serious financial stress. Farms with less than $50,000 in sales obtain much of their income from sources off the farm, and often qualify for and repay their loans on this basis. Most, although they may be feeling financial pressures, are not in danger of being forced out of business. Very large farms with over $500,000 in sales may be highly industrialized specialty operations (feedlots, sod farms, nurseries, orchards, and poultry operations) and may typically operate with high debt/asset ratios. Many have positive cash flows—although they can have cash flow problems if they have very high debt/asset ratios (over 70 percent).

The remaining farms, with sales of $50,000 to $500,000 annually, are the mainstream of family-commercial agriculture, and the focus of the current concern about farm financial conditions.

As of January 1, 1985, the following estimates summarize the situation among these 679,000 family-size commercial farms:

- 43,000 farms, owing nearly 10 percent of the debt are technically insolvent. Few could survive another year without assistance.
- An additional 50,000 farms, owing 11 percent of the debt, are moving quickly toward insolvency. They are rapidly consuming their remaining equity, but could survive a few more years.
- As many as 136,000 farms, owing 26 percent of the debt, will have serious financial problems. While still holding their own, they are not able to meet their principal payments.
- Almost half of all farm debt is owed by family-size commerical farms that have some degree of financial problems.

What Can Be Done?

Several proposals have been advanced to deal with the financial stress currently gripping the farm sector. These proposals deal with one or more of the following:

- *Change the terms of loans.* This includes subsidizing or "buying down" interest rates, writing down loan principals, providing Federal loan guarantees, stretching out repayment terms, or instituting debt foreclosure moratoria. These may or may not include provisions for later recapture of funds advanced.
- *Stabilize the value of farm assets.* This includes direct Federal purchase of land and assets of failed farms, purchase of land and assets through a federally chartered corporation or trust, and using debt moratoria to control the rate of foreclosure of distressed assets. All provide for later resale of the assets when prices improve.
- *Increase agricultural incomes.* This proposal includes enhancing traditional price-support levels, improving agricultural prices through vigorous export promotion, and income stabilization programs based on insnrance concepts.
- *Provide direct grants to farmers.* This proposal provides income to farm families forced out of business, and is intended to assist in retraining or relocating them.

The choice between these various approaches depends on whether the problem is seen as a temporary, short-term situation that will improve in the next few years, or as a transition into a new set of relationships among farm prices, costs, incomes, asset values, and indebtedness. If the problem is temporary, then programs such as loan stretch-outs, temporary interest rate subsidies or buy-downs, or purchase of distressed assets may stabilize farm financial situations. Such programs may also moderate the deteriorating value of farm assets until economic recovery in agriculture makes them unnecessary. However, if the problem is more chronic, then such programs will only slow the rate of adjustment that can be expected. [*David Harrington (202) 447-8059*]

LIVESTOCK HIGHLIGHTS

Cattle

Declining returns, drought in many areas, and cattle sales to generate additional cash flow have pushed down cattle numbers since 1982. On January 1, 1985, the inventory of cattle and calves was 109.8 million, down 3 percent from a year earlier, the lowest since 1968. The number of beef cows fell 6 percent from a year earlier, to 35.4 million, about the same as the 1969 inventory.

In addition, the 1984 calf crop declined 3 percent to 42.5 million—the lowest since 1963. Of the already small number of heifers held as replacements on July 1, 1984, only 22 percent calved, leaving the number entering the herd during the second half of 1984 the lowest since the series began in 1973.

Producers are reluctant to expand breeding herds. On January 1, 1985, the number of heifers held as replacements for the beef herd was down 10 percent from a year earlier. At the same time, the number of heifers in feedlots had increased 14 percent from a year earlier.

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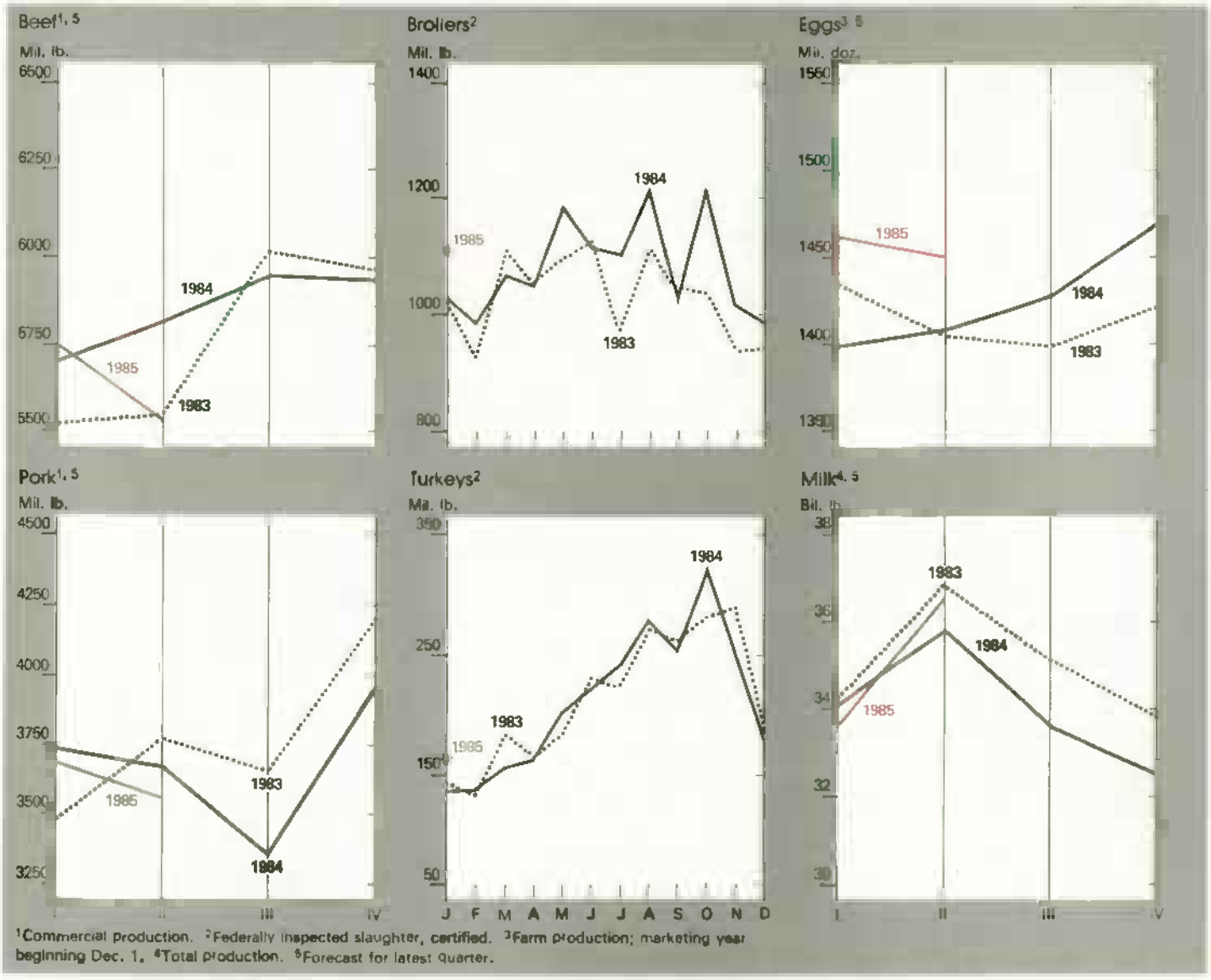

[1]Commercial production. [2]Federally inspected slaughter, certified. [3]Farm production; marketing year beginning Dec. 1. [4]Total production. [5]Forecast for latest quarter.

As net returns for cow-calf production declined from 1980 through 1983 and the financial picture for producers became worse, incentives to expand were interrupted. Even though returns likely increased in 1984 because of higher cattle prices and stable costs, producer expectations for higher prices in 1985 are not strong enough to encourage herd expansion this year.

Last year's liquidation was the sharpest drop in cattle numbers since the reduction began in 1982. A further drop is likely for January 1986.

The major cow-calf production regions are the Great Plains, the South, the North Central, and the West. The Great Plains contains the largest number of cattle, with 38 percent of 1985's beef cow inventory. The South, West, and North Central regions each had 25, 20, and 16 percent, respectively. These percentages have changed little over the past 20 years. However, beef cow numbers in each region have declined since 1982.

Net returns (receipts less cash expenses) to cow-calf production have fallen in each of the major regions since 1980. From 1980 to 1983, net returns per cow plummeted in the Great Plains, North Central, and Western regions. Net returns in the South turned negative in 1981 and have remained that way.

Preliminary data for 1984 suggest that net returns improved slightly for all regions, with the greatest improvement in the West. The smallest gains were made in the Great Plains and North Central regions.

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The largest drop in beef cow numbers since 1982 has been in the North Central region, where the inventory decreased 17 percent. However, the largest change in beef cow inventories last year occurred in the Great Plains and Western regions. Inventories fell 7 percent in each of these regions, while declines of 5 and 3 percent, respectively, were posted in the North Central and Southern regions.

Drought in 1983 and again in 1984, plus low returns, has reduced beef cow numbers in the Southern Great Plains. Lower cattle numbers and improved moisture conditions, particularly in Texas, favor inventory stabilization, but not before 1986. However, even on farms and ranches where the cattle enterprise is an important source of income, the financial base must improve before expansion can begin.

In the Northern Great Plains and North Central area, where mixed crop-livestock enterprises tend to predominate, the crop enterprise is likely to be the most important source of income. However, during financial difficulties, when cash for spring planting is needed, the cattle herd can be an important source of capital. A 25-cow herd plus replacement heifers and bulls can be sold for $10,000 to $15,000, or more. While this can be a vital cash infusion, the likelihood of reentering the beef industry sometime in the future is very small because prices for replacement stock will likely be higher.

Commercial beef production during 1984 was up 2 percent, largely as a result of the sharp inventory liquidation. With a big decline expected in cow slaughter this year, production will fall.

The February 1 *Cattle on Feed* report (seven States) indicated cattle feeders marketed 14 percent more fed cattle during January than a year earlier. The total number of cattle on feed was 3 percent above a year earlier, while the number placed on feed during January was down 7 percent.

Because of the large fed marketings through February, beef production may be about 1 percent above a year earlier during the first quarter. After declining about 5 percent during the second quarter and throughout the second half, production for the year will be down about 3 percent from 1984.

As beef supplies decline during 1985, Choice fed steer prices are expected to strengthen and average $64 to $70 for the year. Prices will probably begin to strengthen in early spring and peak in the high $60's to low $70's by early summer. Seasonal declines will occur through the second half, and prices may hover in the mid- to upper $60's during the second half.

Feeder cattle supplies will tighten through summer as feeders place more animals on feed. Higher fed cattle prices and lower feed costs should hold cattle feeding at or near current levels. Also, a smaller 1985 calf crop will result in a decreased supply of stocker-feeder cattle this fall and into 1986.

With tighter supplies and relatively strong cattle feeding activity, yearling steer prices probably will rise to the low $70's this spring and average $67 to $71 for the year. As yearling prices are bid higher, feeders will begin placing lighter calves on feed.

Not only are feeder cattle supplies declining, but the allocation of these supplies between stocker-feeders, nonfed steer and heifer slaughter, and veal slaughter will likely change this year. Higher prices due to increased competition for available feeder cattle will pull animals from nonfed and calf slaughter. Lower feed costs will allow cattle feeders to pay higher prices for the reduced supply.

The average retail price of beef was $2.40 a pound in January, up only slightly from a year earlier. Retail beef prices have been held down because of large supplies. As production declines during the second quarter, prices should strengthen and be supported by lower pork production. However, increased poultry production will temper price increases. [*John Nalivka (202) 447-8636*]

● ***Hogs***

Preliminary slaughter data through early March suggest that producers are following through with their intentions of having fewer sows farrow in first-half 1985. Continuing low returns and financial stress appear to be the primary factors for the reduction.

In 1984, farrow-to-finish producers' returns were only slightly higher than in 1983, when producers just about covered cash costs.

Hog producers have had only 1 year of favorable returns over the past 5. In addition, many producers incurred debts in the late 1970's to expand or build new hog facilities. The larger debt, along with a prolonged period of low returns, has caused financial stress.

For hog producers with crop enterprises, the debt problem has been compounded by low crop returns. Because of sustained low returns, coupled with pressure for cash flow to service farm debts or help pay current operating expenses, producers have continued to sell gilts that otherwise may have been retained to increase the breeding herd.

Hog slaughter in the first quarter is drawn largely from the December 1 market hog inventory weighing 60 to 179 pounds, which was down 4 percent from a year earlier. Through January and February, hog slaughter was down 2 percent from a year ago, and slaughter for the quarter may decrease about 3 percent from last year.

The percentage of sows slaughtered during January-February was about 4.6 percent, compared with 5.0 percent a year ago. The drop in sow slaughter could signal that the liquidation phase of the cycle has ended. However, the number of barrows and gilts slaughtered remains large, suggesting that gilts are not being saved and the expansion phase of the cycle has not started.

Hog prices dropped into the mid-$40's per cwt in early March, as slaughter rose seasonally. First-quarter hog prices at the seven major markets are expected to average about $48 per cwt, about the same as last year. In January and February, hog prices averaged about $49 per cwt. Some year-to-year price strength will probably stem from rising per capita income and lower domestic production, but will be largely offset by rising poultry production and imports of pork products and live hogs. [*Leland Southard (202) 447-8636*]

● ***Broilers***

Broiler producers' returns have been positive since early 1984. These positive returns and lower feed costs have encouraged increased production.

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Broiler production is controlled by integrated firms that own the chicks from hatching through processing. These firms contract with farmers (perhaps 20,000 in total) to grow the birds in the farmers' facilities. The farmers are paid a contract fee for their labor and for the use of the facilities. For some of the contract growers, broiler production is a part-time enterprise, providing a supplement to income from an off-farm job.

Broiler houses generally are located on small farms and represent a very high portion of the total assets of the farms. Often, the broiler house is financed through contract grower fees and off-farm income, rather than just the asset value of the farm collateral. This results in a rather high debt/asset ratio. As long as the poultry firm remains in business and contracts with the farmer, the farmer has a relatively stable and risk-free source of income.

The growth in the general economy in 1984, plus the year-to-year decline in red meat production in the second half of the year, helped broiler producers realize profits, especially in the first three quarters. This contrasts with 1983, when production increases slowed in order to strengthen prices. Also that year, feed ingredient prices increased dramatically because of the combined impact of PIK and the drought-reduced feed crop.

The positive net returns in late 1984, plus reductions in red meat output, encouraged broiler producers to expand their operations in 1985. This year's first-half production may be 6 to 9 percent above 1984's 6.4 billion pounds. With feed ingredients expected to be plentiful and prices below last year, producers will likely continue the expansion through the rest of the year. Output for the second-half of this year may be 5 to 7 percent above 1984's 6.5 billion pounds.

The average 12-city composite wholesale price for whole birds was 52 cents a pound in February, down from 61 cents last year. Prices in first-quarter 1985 may average 52 to 53 cents a pound, down from 62 cents last year. With demand increasing seasonally, second-quarter prices may average 51 to 55 cents, down slightly from last year's 56 cents. [*Allen Baker (202) 447-8636*]

• *Turkeys*

Turkey production has become increasingly integrated, but not to the same extent as broilers. Basically there are two types of growers: independent and contract.

The independent growers own the turkeys and bear the normal risks of production and price changes. Contract growers agree to raise birds they don't own in return for a fee. Growing under contract thus reduces both the financing requirement and the price risk for growers. The grower invests only buildings and equipment; the bird owner provides inputs such as the poults, feed, and medicine, and maintains ownership of the birds at all stages.

While firms that contract out birds prefer to operate their processing facilities near capacity, they do adjust production according to changing net returns. In 1983, producers increased production in the first half of the year, expecting feed costs to be low. However, the PIK program plus drought caused feed prices to rise, so even though producers cut production to year-earlier levels, they still ended up in the red for the year.

The higher feed costs and poor returns in 1983 caused producers to hold production constant in 1984. Returns have now improved because the large 1984 harvest pushed feed costs down and turkey prices increased late in 1984.

Turkey producers responded to higher returns by increasing the number of poults placed for 1985 slaughter. Based on these placements, slaughter in first-quarter 1985 may be 10 to 12 percent above 1984's 432 million pounds. Slaughter in second-quarter 1985 may be 5 to 7 percent above 1984's 589 million pounds.

Prices for commodity pack 8- to 16-pound hen turkeys in New York declined from December 1984, as slaughter picked up in February 1985. Prices in January averaged 74 cents a pound, then slipped to 66 cents in February; January and February 1984 prices were 72 and 65 cents, respectively.

During first-quarter 1985, prices may average near 1984's 68 cents. Prices in the second quarter, when demand for whole birds is seasonally weak, may average 63 to 67 cents a pound, compared with 67 cents in 1984. [*Allen Baker (202) 447-8636*]

• *Eggs*

Egg producers began to face a deteriorating financial position in June 1984, when egg prices slipped below the cost of production. However, not all farmers who have hens on their farms are affected the same by the cost-price squeeze. Some farmers, by becoming contract growers, have shifted most of the price risk of producing eggs to others.

These farmers receive a regular contract fee for the use of their buildings and their labor in caring for the birds. The contracting owner of the birds usually markets the eggs at wholesale, thereby tying together production and marketing functions.

The farmer continues to receive the contract fee for eggs so long as the owner remains solvent and keeps the house full. The contractor-owner, like the independent producer, bears the risk of fluctuating costs and prices. Independent egg producers have been declining in number, especially in periods like first-half 1983, when producers lost money. In contrast, most contractors remained in business.

Like other farmers and businessmen, egg producers have been through good and bad times during the 1980's. In 1983, costs rose above prices as feed costs increased. In late 1983, egg producers were just beginning to reduce output when the avian influenza hit. Short supplies were further reduced, and prices skyrocketed.

At present more hens have been added to flocks in response to higher prices. These young hens are laying, and egg prices have again slipped to about breakeven.

To further complicate the producers' plight, consumers are eating fewer eggs. Thus, producers are facing a market that isn't expanding. Consequently, individual firm growth is possible only by reducing costs below the industry average and capturing a larger share of the market.

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In 1985, costs will likely remain relatively low; however, with an increased capacity to produce, egg prices will likely remain near breakeven. The additional replacement pullets that have been added to the flocks will likely push egg production up 4 percent in first-half 1985. Second-half production may slow and only be about 1 percent above 1984's 2.9 billion dozen.

Prices for cartoned Grade A large eggs in New York averaged 58 cents in February, down from $1.04 last year. In first-half 1985, egg prices may average 58 to 63 cents, down from 1984's 93 cents. In the second half, prices may average near the 68 cents posted in 1984, if producers slow production increases. [*Allen Baker (202) 447-8636*]

• *Dairy*

There were 285,740 operations with milk cows in 1984, down 4.5 percent from 1983. That implies a 1984 average of nearly 38 milk cows per operation (excluding heifers not yet fresh), up nearly 1 cow from a year earlier. In 1985 and again in 1986, operations with milk cows are likely to number sharply lower because of the paid diversion program and tight cash flows. While the program likely provided some farmers a chance to leave dairying, it may have extended the life of operations for others. Still, with a tighter cash flow likely in 1985, a number of dairy farms could go out of business by 1986.

For example, in 1984 an average 58-cow dairy enterprise with output per cow of 12,495 pounds generated a return above cash expenses and replacement costs of about $14,600. In 1981, an average 50-cow enterprise with yield per cow of 12,183 pounds had a return of about $21,700. When adjusted for inflation, the average dairy operation has lost over half its purchasing power since 1981. This decline in returns came despite a growth in the size of the enterprise since 1981. Returns above cash expenses are expected to decline further in 1985, leading to more financial stress.

Milk production during January and February was 1.5 percent and 2.7 percent below a year earlier, respectively. However, on a daily average basis (adjusted for leap year) production during February was up 0.8 percent from a year earlier. The gain resulted even though there were 0.9 percent fewer cows; a 1.7 percent increase in the average output per cow per day boosted production. The continued improvement in yields is likely from the much improved milk-feed price relationships and the near end of the paid diversion program.

For calendar 1985, milk production is forecast to be 1 to 3 percent greater than in 1984. Milk per cow is anticipated to average 1.5 to 2.5 percent above 1984, while cow numbers average about unchanged.

In 1985, the all milk price may decline 20 to 50 cents from the 1984 average. The effective price to producers may be unchanged to 25 cents lower by the time the 50-cent-a-cwt deductions stop at the end of March. Support prices are expected to be lowered on April 1 and July 1. [*Cliff Carman (202) 447-8636*]

CROP HIGHLIGHTS

• *Wheat*

In December, winter wheat farmers reported that they planted 57.6 million acres last fall. This represents the smallest acreage since 1979 and is 9 percent smaller than in 1984. In February, spring wheat growers said they would raise their 1985 seedings 8 percent from 1984. Overall, 1985's wheat acreage may be down about 5 million acres, or 6 percent, from 1984.

An excessively wet fall limited wheat plantings in some areas of the South, and projected participation in the acreage reduction program increased to 70-75 percent compared with 61 percent in 1984. But, the impact of reduced acreage and the current generally good soil moisture in wheat areas point to another year of good yields.

Even with near-record disappearance projected for the current wheat marketing year (1984/85), stocks at yearend (May 31) will be up from a year ago; for 1985/86 supplies are likely to remain large.

Essentially all the 1984/85 world wheat crop has been harvested, and foreign production is 27 million tons above last year. With world production outpacing use for the fourth consecutive year, global ending stocks are expected to reach new highs. Most of the stockbuilding will occur in the European Community (EC), where ending stocks may double and account for 22 percent of foreign stocks.

Export competition will remain keen at least through spring and summer, and the short-term outlook for U.S. exports is bleak. With large competitor stocks overhanging the market, reduced Soviet demand anticipated for 1985/86, and the dollar showing little signs of weakening, U.S. prices are expected to remain low. Cancellations of previous commitments to purchase U.S. wheat by the USSR, China, and Brazil have contributed to the recent decline in outstanding U.S. export sales. The 1984/85 forecast for U.S. exports is 39.5 million tons, up from 38.9 million last year.

Three consecutive record wheat harvests have reduced China's import needs to its lowest in 6 years. Based on lower than expected purchases from the United States, China's 1984/85 wheat imports from all sources are estimated at 8.3 million tons, compared with 9.6 million in 1983/84. Brazil, a very important purchaser of U.S. wheat, has recently postponed weekly tenders for U.S. hard wheat because of credit problems. Another factor hurting the outlook for U.S. exports has been the suspension of U.S. blended credit. In the absence of this credit, the EC will likely pick up additional sales to North African markets.

Turkey recently purchased wheat from Argentina and the EC at prices significantly below U.S. export prices. In fact, Argentina and the EC have recently made sales at prices (f.o.b.) below the U.S. loan rate of $121 a ton. Thus, despite strong U.S. exports during the first half of 1984/85, weak sales during the remainder of the year are expected to further decrease the U.S. share of global wheat trade—perhaps to 37 percent, the lowest since 1971/72. [*Allen Schienbein (202) 447-8444 and Scott Reynolds (202) 447-8879*]

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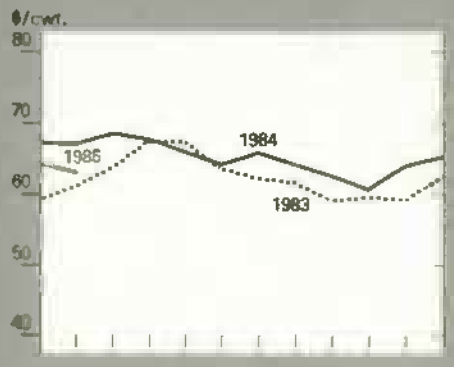
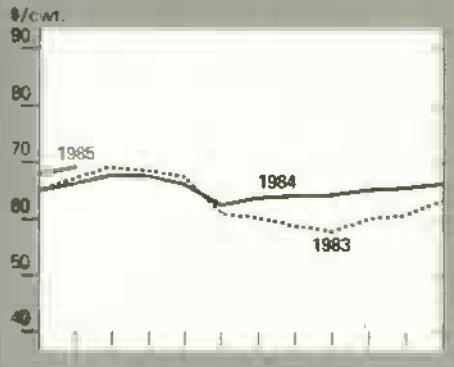
Commodity Market Prices: Monthly Update

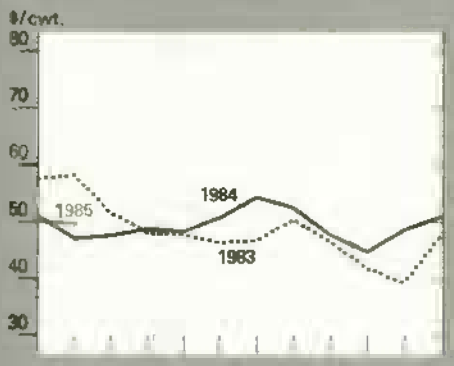
Choice steers[1]



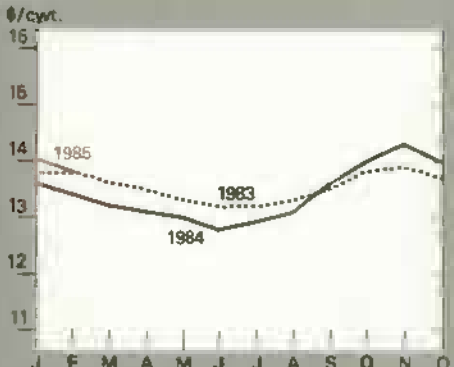
Choice feeder cattle[2]



Barrows and gilts[3]

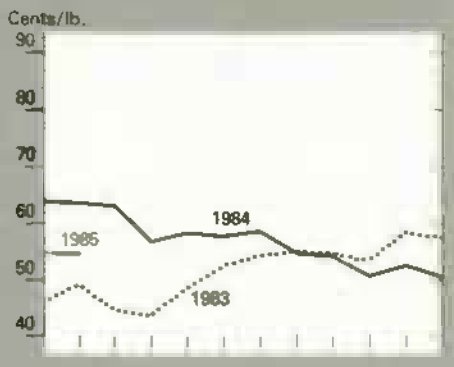


All milk

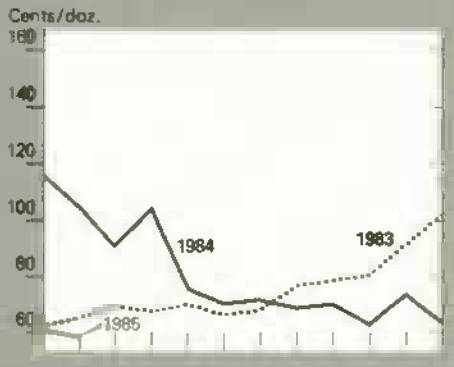


[1]Omaha. [2]600-700 lbs., Kansas City. [3]7 markets.

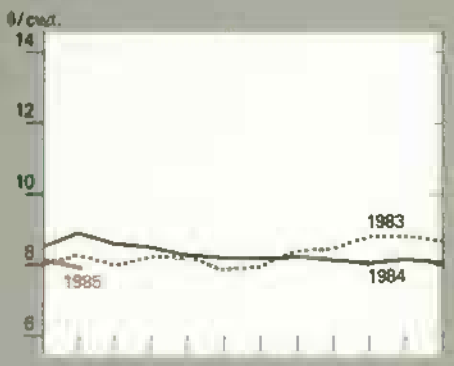
Broilers[4]



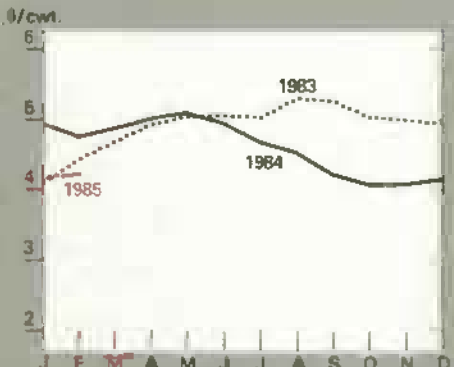
Eggs[5]



Rice (rough)

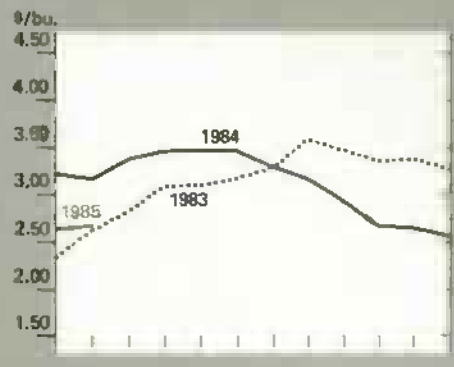


Sorghum grain

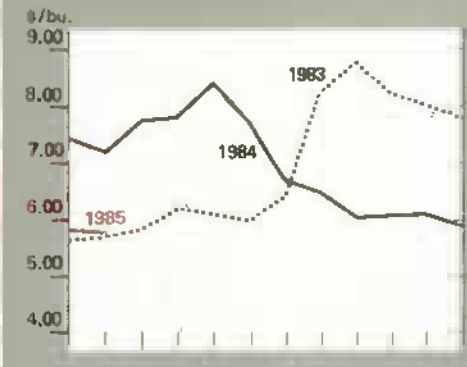


[4]Wholesale, New York. [5]Grade A Large, New York.

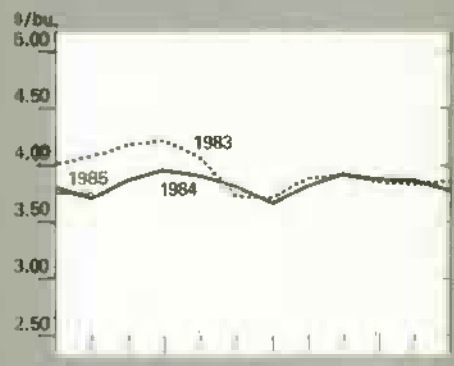
Corn[6]



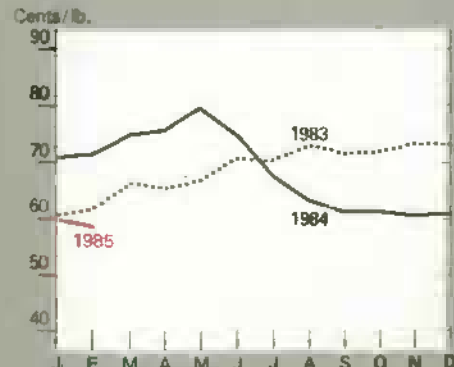
Soybeans[7]



Wheat[8]



Cotton[9]



[6]No. 2 Yellow, Chicago. [7]No. 1 Yellow, Chicago.
[8]No. 1 HRW, Kansas City.
[9]Average spot market, SLM 1-16."

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• *Rice*

Large supplies, record yields, and weak demand dominate the current outlook for U.S. rice. The likely outcome will be a return to pre-PIK stock levels, with carryover on July 31, 1985, forecast at 64 million cwt.

Strong production and weak demand resulted in a 5-month (August-December) farm price for rice of $8.14 per cwt, near the $8 loan rate. This price generated deficiency payments to 1984 program participants totaling about $375 million, based on a payment rate of $3.76 per cwt. For all of 1984/85, rice prices are unlikely to strengthen substantially: the season average is forecast between $8 and $8.50 per cwt, with long grain trading at loan levels.

The 1985 rice program calls for participants to comply with a 20-percent acreage reduction program and a 15-percent paid land diversion to be eligible for price and income support benefits. The benefits are an $8 loan rate, an $11.90 target price per cwt, and a diversion payment rate of $3.50 per cwt.

According to the February *Prospective Plantings* report, U.S. rice producers intend to plant just under 2.5 million acres for the 1985/86 rice crop. Perhaps the most interesting point of the intentions report is not the absolute number of acres, but the distribution for each type of rice. The report shows producers intend to plant 1.97 million, or 80 percent of the total 2.47 million acres, to long grain rice, a record share for that variety.

Large supplies also dominate the outlook for world rice markets. World milled rice production for 1984/85 is forecast at 317 million tons (465 million rough basis), up 10 million from last year and 3 million from the February estimate. This mmonth-to-month change reflects even higher record production for China, India, and Indonesia. Because output of the major importers is forecast to rise 7 percent and use should remain constant, import requirements have been substantially reduced from last year.

Weak demand and record supplies have intensified export competition and lowered prices. Thailand has been exporting at a record pace thus far in 1985 and appears to be gaining in both the lower and higher quality markets. Burma and Pakistan have not been matching Thailand's low prices and as a result, both may export less in 1985. In fact, China may become the world's third largest exporter behind Thailand and the United States if its aggressive marketing continues throughout the year.

While U.S. exports to the EC and Iraq have been ahead of last year, U.S. sales are lagging in other European, African, and Asian markets because of higher prices. As the quality of Thai rice has improved and the difference between U.S. and Thai prices has increased, the outlook for U.S. exports has deteriorated. The U.S. export forecast for calender 1985, at 2 million tons, is down 6 percent from last year and the lowest since the mid-1970's. (*Barbara Stucker (202) 447-8444 and Scott Reynolds (202) 447-8879*)

• *Feed Grains*

The 1984 feed grain output was an estimated 236 million metric tons, up 73 percent from 1983's drought- and PIK-reduced crop. The harvest brings total feed grain supplies for 1984/85 to 269 million metric tons, compared with 234 million in 1983/84. These supplies are leading to lower prices, larger carryout, and greater domestic and export use in the 1984/85 marketing year.

In February, growers said they intended to plant 125 million acres to feed grains, about 3 percent above last year. The signup period for the 1985 feed grain program has been extended an extra month to April 1, which should provide more growers an opportunity to participate in the program.

The 1984 corn crop was 7.66 billion bushels, up 83 percent from the extremely low 1983 crop. Because of the record fall feed and residual disappearance of 1.7 billion bushels, expected marketing year feed use is now 4.2 billion bushels. Food, seed, and industrial use should continue to grow as corn prices stay low and demand for high fructose corn sirup and gasohol remains strong.

Despite strong corn exports early in the marketing year, exports may only total 1.95 billion bushels this season. Even with greater disappearance in 1984/85, corn stocks next October could approach 1.2 billion bushels, about 16 percent of total use. Because last year's carryout was only about 11 percent of use, conditions indicate an even lower price for corn. For the season, its farm price should average between $2.60 and $2.70 a bushel, compared with $3.25 last season. For next season, corn growers intend to plant 82 million acres, 2 percent above 1984.

The 1984 sorghum grain crop was 866 million bushels, up 78 percent from 1983. This brings the sorghum supply to 1.1 billion bushels, one-fourth larger than last year. Because sorghum feed and residual use was a record 301 million bushels during October-December 1984, about 500 million is expected for the year. Although feed and residual disappearance should rebound this season because of lower prices and less competition from wheat, sorghum grain ending stocks should still climb to over 330 million bushels because of the large harvest.

The February *Prospective Plantings* report shows a continuation in the recent trend of sorghum production to move eastward from the Central and Southern Plains. In 1982, 74 percent of total sorghum area was planted in Kansas, Nebraska, and Texas. In 1985, intentions for that area declined to 61 percent, while the share in Alabama, Arkansas, Mississippi, Missouri, Tennessee, and Illinois jumped from 10 to 25 percent. In these States, sorghum may be replacing soybeans.

Barley production in 1984, a record 597 million bushels, was up 17 percent from 1983, and 1985 acreage is expected to total 12.4 million, up 4 percent from 1984. Oat production in 1984 was 472 million bushels, down 1 percent from 1983. Oat production did not show an increase similar to other feed grains because the oat harvest was not affected by the 1983 PIK program.

Global coarse grain trade in 1984/85 is forecast at over 102 million tons, up almost 12 percent from last year's low. The pace of Soviet grain purchases from the United States, China's corn sales, and the impact of another poor South African corn crop have affected both global and U.S. sales prospects.

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Soviet purchases of coarse grain from the world have slowed somewhat in recent weeks, and some attention has been paid to Soviet cancellations of "modest" purchase amounts from the United States. However, Soviet imports for the year are still forecast at an unprecedented 25 million tons.

China has substantially improved it's agricultural production through decentralization, increased producer prices for many agricultural commodities, and a dramatic increase in fertilizer use. China's coarse grain production is large enough this year to permit coarse grain exports (almost entirely corn) of almost 3.5 million tons. Much of this boom will likely be sold to traditional purchasers of U.S. coarse grains, including Japan, South Korea, and the Soviet Union. As a result, U.S. sales to the region are likely to fall from previous estimates.

Timely rains in late February have apparently alleviated the drought through much of South Africa. Even so, the earlier prolonged dry periods and their accompanying high temperatures significantly decreased corn yields. Corn production is forecast at 6.5 million tons, up about 2 million from a year ago, but well below the 1980/81 record of 14.6 million. This means South Africa, until recently a major export competitor, is forecast to remain a net importer of coarse grains.

On balance, the forecast of U.S. coarse grain sales to the world in 1984/85 has been reduced 1.5 million tons, to 58.5 million, compared with 55.6 million last year. Increased competition, including the surprising strength of estimated sales by China to Japan and South Korea and reduced sales to South Africa, has limited U.S. export growth and reduced the U.S. share of the world market to only 57 percent, compared with an average of 61 percent from 1980 to 1983. [*David Hull (202) 447-8776 and Jim Cole (202) 447-8857*]

• *Oilseeds*

The *Prospective Plantings* report released February 15 indicated that farmers intend to plant 64.4 million acres of soybeans in 1985, 3.3 million less than 1984. In the important Corn Belt States of Iowa, Illinois, and Indiana, 1985 planting intentions were virtually unchanged from 1984.

The big changes occurred in the Southeast. Intended acreage reductions were sharp: farmers in Alabama indicated a 21-percent decline in 1985; in Tennessee, 18 percent; Georgia, 14 percent; Texas, 18 percent; and South Carolina, 11 percent. Most of the cutbacks are not in major soybean producing States.

Some of the acreage decline may be permanent, because southern farmers appear to be substituting sorghum and corn for soybeans in their rotations. There are several reasons: 1) southern producers have encountered serious soybean disease problems; 2) drought resistance of sorghum; 3) sorghum is a program crop, soybeans are not; and 4) better marketing opportunities for sorghum in the south.

February soybean prices closed at $5.68 a bushel (Central Illinois), continuing the downward trend since December. Domestic crush is projected to total 1,020 million bushels during 1984/85. Soybean export sales totaled 391 million bushels by February 28, compared with 443 million a year earlier, when total soybean exports reached only 740 million bushels.

Export demand for soybean oil is maintaining crush. Soybean oil export sales as of February 28 were nearly 40 percent ahead of a year earlier. Soybean oil prices (Decatur) averaged 29.7 cents a pound in February. The season-average price could remain near 30 cents.

The soybean meal market is still in the doldrums. Soybean meal export sales through February were off 22 percent from a year earlier. February soybean meal prices averaged $126.45 (Decatur) in February, and are expected to average $125 to $135 a ton for the season.

Both domestic and foreign demand for high-protein meal are down. Unfavorable exchange rates and stagnant livestock populations in foreign countries are inhibiting exports. In the United States, hog prices averaged $49 per cwt in January and February, but dropped into the mid-$40's in early March. Higher pork prices are necessary to ignite an expansion.

U.S. soybean and soybean meal exports, forecast at 19.3 million and 4.7 million tons, respectively, are lagging last year's exports. These declines may be attributed to increased output of foreign oilseeds and other feed ingredients, especially expectations of large South American supplies.

In the EC, record wheat supplies and large supplies of oilseeds and some nongrain feed items may be displacing U.S. soybean and product imports. In addition, the strength of the dollar has increased the price of U.S. goods. Although the EC price ratio of soybean meal-to-grains may in theory favor meal use, EC livestock feed demand is not expanding as much as in earlier years.

Foreign importers are probably waiting for South American soybean and meal supplies. South American soybean production could reach 23 million tons, almost a million above last year. Brazil is expected to export at least 2.2 million tons of soybeans, up 38 percent from a year earlier. Brazil's differential taxes on exports of oilseeds versus products may not be significant this year, because soybean meal prices are so depressed. Brazil's new crop soybean meal is selling at substantially lower prices than U.S. soybean meal. Argentina will export most of its production gain as soybean meal rather than soybeans due to different taxes, new crush capacity, and small domestic needs. South American supplies will compete with the U.S. soybean and meal trade and perhaps erode the U.S. market share. [*Roger Hoskin (202) 447-8776 and Jan Lipson (202) 447-8855*]

• *Cotton*

U.S. stocks for 1984/85 are estimated at 4.3 million bales—1.5 million higher than a year earlier, and equal to 36 percent of disappearance during 1984/85. Record yields and a decline in mill use are causing stocks to rise. So, the average spot market price through mid-March was almost 16 cents a pound lower than a year ago. Because prices for alternative crops are also lower, farmers have indicated that acreage planted to cotton will equal about 11 million in 1985, little changed from 1984.

Exports plus mill use will reach an estimated 11.8 million bales this season, down nearly 1 million from 1983/84. Mill use is expected to fall from 5.9 million bales in 1983/84 to 5.3 million. The decline is a continuation of a

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trend that began in 1965 when man-made fibers captured 41 percent of the U.S. fiber market. Man-made fibers now account for about 75 percent of U.S. fiber use. Textile imports are also affecting mill use. Cotton textile imports rose from 2.3 million equivalent bales in 1983 to 3 million in 1984.

Cotton planted acreage reached 11.1 million in 1984, and lower prices were expected to lead to significantly lower acreage in 1985. However, the 1985 planting intentions survey indicated that farmers may plant 11 million acres again. A reason could be that lower soybean prices ($7.75 a bushel in 1983/84 compared with a projected at $5.55 to $6.25 this season) have caused farmers to continue planting cotton. Rising yields in the Southeast may be encouraging increased acreage there. An increase in deficiency and diversion payment rates will cause more farmers to hit the $50,000 payment limit, and that could affect participation in the 1985 program.

Prices are again supported by loan rates. The average 1984-crop loan rate for strict low middling 1-1/16 inches cotton is 55 cents a pound. Spot market prices now average 58-60 cents a pound—just enough to cover the loan rate plus transportation and carrying costs. The average 1985-crop loan rate will rise to 57.3 cents a pound, and futures prices for cotton delivered in 1986 are reflecting that 2.3-cent rise.

U.S. exports are forecast at 6.5 million bales, nearly equal to last season and well above the 10-year average of 5.8 million. Lower production in the Soviet Union is causing U.S. shipments to Europe and Japan to rise by 500,000 bales. However, China's metamorphosis from an importer to an exporter may have caused an offsetting reduction in U.S. shipments. Exports through February 28 totaled 125,000 bales more than a year earlier, but the pace of U.S. exports began to fall in February when supplies from Pakistan and the Southern Hemisphere began entering world markets.

Global 1984/85 cotton output is estimated at 84.3 million bales, a year-over-year gain of almost 25 percent. Pakistan will harvest a record 4.5 million bales, double last year's outturn, which was devastated by insects and late rain.

Sharply higher area and yields have also been reported for Peru. Yields in Peru were enhanced by adequate irrigation water and precautions taken against the pink boll worm. In addition, the final projection for China's crop is 27.9 million bales, up 31 percent from last year and almost a third of the world's 1984/85 cotton production.

World cotton trade in 1984/85 is forecast to show a moderate improvement over last year. With large exportable supplies in most countries, competition is fierce. Despite discounts being offered on many varieties, importing countries are not building their inventories.

China continues to make inroads as a major exporter. The USSR may buy about 100,000 bales of China's cotton as part of a general effort to diversify its raw cotton imports. Total imports by the USSR could reach 1 million bales from all sources. The U.S. has already supplied over 120,000 bales, with additional exports anticipated. China's cotton is priced competitively with the U.S. product.

Over the past 20 years, world mill use has trended upward by almost 1 million bales per year. Consumption in 1984/85 will remain on-trend—rising 1 million bales to 69.7 million. This year, declining international cotton prices and abundant supplies of raw cotton mean textile mills can operate with low inventories. With large world supplies, mills can afford to wait and see if cotton prices slide even further or the textile market improves. [*Terry Townsend (202) 447-8444 and Richard Cantor (202) 447-8054*]

● *Tobacco*

Responding to an 8-percent cut in the effective quota for flue-cured and a 22-percent reduction for burley, growers indicated in early February that they intended to reduce this year's total tobacco plantings about 10 percent to 715,000 acres. If growers of flue-cured carry out their intentions, they will plant a record low 361,000 acres.

The smaller acreage, together with average yields, would lower this year's tobacco crop sharply from 1984's 1.74 billion pounds. The domestic tobacco supply for 1985/86 would fall slightly from this season.

Burley auction sales ended March 12 and averaged $1.87 a pound for the season, up 10 cents from a year earlier. Burley price supports were unchanged, but crop quality was better, and demand was stronger than for the drought-stressed 1983 crop. Despite better quality, prices of Virginia fire-cured (type 21) and dark air-cured (types 35-37) averaged 8 to 38 cents a pound lower this marketing season than a year earlier. Prices of Kentucky-Tennessee dark-fired (types 22-23) were averaging 6 cents a pound higher as of March 12.

About 200 million pounds of burley tobacco was taken under loan this season—about 30 percent of producer sales. Loan takings of dark fire- and dark air-cured are up sharply from a year earlier. Around 35 percent of dark tobacco sales have been placed under loan.

Total disappearance of burley tobacco this season is expected to increase from 1983/84's 501 million pounds, with a rise in both domestic use and exports. Burley sales this season totaled about 672 million pounds, 28 percent more than last season, but 60 million short of estimated production. The burley carryover next October 1 is expected to be 1 to 2 percent above a year earlier.

Flue-cured tobacco disappearance in the current marketing year may rise from last year's 894 million pounds, as increased exports may more than offset reduced domestic use. With the smaller 1984 crop, the carryover on July 1, 1985, will probably decline about 3 percent from last July's 2.17 billion pounds. Production in 1985 is expected to drop from last year's 865 million pounds.

In recent referenda, growers of dark air- and fire-cured tobacco voted to continue quotas for the 1985-87 marketing years. Cigar binder growers voted against quotas, as they did a year ago. [*Verner N. Grise (202) 447-8774*]

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• *Peanuts*

Domestic edible use of peanuts was up 6 percent during the first 6 months of this marketing year (August-January), compared with a year earlier. On an annual basis, this increase indicates domestic edible use of about 2,150 million pounds.

Use for roasting stocks increased 35 percent, while use for primary products was up less than 3 percent. Among the primary products, use in peanut butter increased 5 percent; salted peanuts, 4 percent; and peanut butter sandwiches, 2.5 percent. Meanwhile, use in peanut candy decreased more than 5 percent.

The price supports for the 1985 peanut crop have been announced: the level for quota peanuts was increased $9 a ton to $559; for additional peanuts, it was lowered $37 a ton to $148. The Commodity Credit Corporation will sell additioual loan collateral peanuts for edible export use at no less than $425 a ton, the same as last year. [*Duane Hacklander (202) 447-8776*]

• *Fruit*

Grower and retail fruit prices will likely remain well above a year ago through the spring, reflecting seasonal decreases in apple and pear supplies and freeze-reduced citrus crops. Demand should remain high because of the strong economy. With the slight decliue in February, the average grower price for fresh and processing fruit slld for the fourth consecutive month. However, the price is still 42 percent above a year ago, primarily because of higher citrus prices.

After 3 consecutive months of decline, the Consumer Price Index for fresh fruit advanced to 341.5 (1967=100) in January 1985, 3 percent above December and 18 percent above a year ago. Higher prices for canned fruit and frozen concentrated orange juice (FCOJ) have held retail prices for processed fruit also moderately above a year ago.

As of March 1, the forecast for the 1984/85 citrus crop was 10.2 million tons, 3 percent less than last season. The orange crop was forecast at 160 million boxes, 6 percent below the previous season. Florida's orange crop is estimated to be 11 percent smaller than last season, while orange production in Arizona and California is expected to be up 47 and 10 percent, respectively.

The Florida freeze and strong demand have kept orange prices well above a year ago. In February, on-tree returns for U.S. oranges averaged $8.01 a box, up 73 percent from last year. Reduced supplies of fresh Florida oranges and a sharp decline in California navel production are expected to keep prices strong through midspring.

Florida's FCOJ yield for 1984/85 is estimated at 1.36 gallons a box (42 degrees Brix equivalent), moderately above last season, but the smaller Florida orange crop will lower the 1984/85 FCOJ pack from 1983/84's 122 million gallons. Current estimates put the pack at about 116 million gallons, down 18 percent from the prefreeze estimate of 140 million. So, even with carryin stocks well above last season and heavy imports anticipated, this season's supplies of FCOJ will still be smaller than last season's.

As of March 7, imports of FCOJ to Florida, mostly from Brazil, totaled 29 million gallons, up 28 percent from a year earlier. Demand is likely to remain relatively good in view of the strengthening economy. Therefore, FCOJ prices are expected to stay firm.

Storage stocks of fresh apples at the beginning of February were near last year's levels, while stocks of winter pears were significantly smaller. Prices have been firm and are expected to continue that way because of the seasonal decline in supplies.

Increased production of several uoncitrus fruits in 1984 led to a larger pack of canned fruit items. However, with depleted carryin stocks, supplies of most canned fruit are small, keeping prices firm. On the other hand, because of generally adequate to ample supplies, prices of dried fruit, particularly raisins, have been weak.

Cold storage holdings of frozen fruit and berries are slightly above a year ago, reflecting increases for tart cherries, peaches, and red raspberries. However, stocks of frozen strawberries are down significantly. Frozen fruit prices generally have been below a year ago, and probably will remain so in view of larger supplies. [*Ben Huang (202) 447-7290*]

• *Vegetables*

Freezing temperatures during late January 1985 reduced Florida's winter vegetable production perhaps more severely than the Christmas freeze last season. This year's cold snap reached farther south, immediately cutting in half Florida's shipments of snap beans, cucumbers, eggplant, bell peppers, squash, and tomatoes. Florida, the principal domestic supplier of these six winter fresh vegetables, competes with Mexico for the U.S. market during January to March. If Mexico's average yields are higher this season, its vegetables will claim a larger share of this U.S. market for the third consecutive season.

Usually following a reduction in supplies, market prices increase as buyers scramble to locate the best source of fresh vegetables. During the last week of January, Florida's share of shipments dropped to 23 percent from about 50 percent before the cold snap. Conversely, Mexico's share rose to 76 percent. The increased shipments from Mexico plus salvage harvesting in Florida after the freeze combined to hold total shipments above a year earlier. The low temperatures in Florida this season arrived a month later than last season. Consequently, the outlook for larger shipments in April suggests lower prices for fresh-market vegetables.

Grower prices for fresh-market vegetables increased immediately following the freeze, but leveled off during first-half February. Prices during the remainder of winter-quarter 1985 continued to moderate as Florida's production returned and Mexico's harvest drew to a close.

Increased supplies of major items such as broccoli, carrots, cauliflower, and celery from California put downward pressure on the average index of grower prices for fresh-market vegetables. Lower prices for these items offset higher prices for Florida's fresh-market sweet corn, lettuce, and tomatoes. So the average price index for these items during the first quarter will likely reach 135 (1977=100), 20 percent lower than a year earlier but 17 percent above fourth-quarter 1984. The strength of 1985's winter-quarter fresh vegetable prices likely will encourage increased acreage for harvest in the spring.

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Processors of snap beans, sweet corn, green peas, and tomatoes will likely contract fewer acres for harvest in 1985 than last year. In years following increased production, processors of the four major vegetables generally react by planning to harvest fewer acres.

For canned vegetables, wholesale prices bumped downward during the first half of 1984/85, as distributors faced continued high real interest rates and pressure from imports. Also, since June 1984, frozen vegetable prices have been flat. By contracting for fewer acres, vegetable processors indicate a reduced pack of processed product in 1985. If domestic stocks are lowered and real interest rates remain high in late 1985, U.S. distributors likely will face increased imports.

Plantings of dry edible beans in 1985 should equal last year's, which were up 27 percent from the short 1983 crop. Kansas and Colorado have planned 31 and 8 percent increases in pinto bean acreage, respectively. California, the sole producer of baby and large lima, blackeye, and garbanzo beans, plans to increase plantings 7 percent. Nebraska, the leading great northern bean producer, intends to plant 20 percent fewer acres this season. Idaho, one of the top five dry bean producing States, will drop its total planted acres 7 percent.

Because acres are constant, 1984/85 production should be close to the 1983/84 crop. Dry bean prices slid throughout 1984 because of large production, ending at $18.60 per cwt. The January 1985 price for dry beans dropped to $18.10 per cwt. With planting intentions having been stated, 1985 prices will probably remain below 1984 peaks, unless the export market improves.

Sweet potato planting intentions for 1985 show a 1-percent increase over last year, when grower prices increased 1.8 percent. North Carolina plans a 5-percent increase in planted acres. A 4-percent acreage reduction in Louisiana, a leading producer, will mostly be offset by a 2-percent increase in California. Some of the smaller producing States intend to increase production because of steady prices. Texas and Mississippi, for example, plan to raise planted acres 8 and 10 percent, respectively. [*Shannon Hamm (202) 447-7290*]

•*Sugar*

U.S. sugar program and policy developments have dominated the sweetener scene in the first quarter of 1985. On January 31, the President issued a proclamation reducing the duty on imported raw sugar to 0.625 cent a pound, the legal minimum. The legal maximum, 2.8125 cents a pound, had been in effect since December 23, 1981.

Only five countries shipping sugar under the U.S. import quota are affected: Australia, Brazil, Canada, the Philippines, and South Africa. Other quota countries had been exempted from the duty through the Generalized System of Preferences and the Caribbean Basin Initiative. All countries, however, continue to be subject to import fees, which are in addition to the duty.

On February 27, the import fee mechanism was triggered for the second time in the month, raising the fee by another cent, to 2.2875 cents a pound for raw sugar and 3.2875 cents for refined. The effective date for the latest fee increase was March 5; high fees are likely at the start of the second quarter, unless the fee mechanism is revised or rescinded. February's two fee increases were triggered because domestic prices (Contract No. 12) had been more than 1 cent below the market stabilization price of 21.57 cents a pound, raw sugar, since mid-January.

Presidential Proclamation 5294, effective January 29, 1985, established limits on U.S. imports of certain sugar-containing products. These sugar blends have been a factor in the domestic oversupply of sugar and helped keep prices low. The emergency action, based on section 22 authority of the Agricultural Adjustment Act of 1933, limits imports of sweetened cocoa, pancake flours and mixes, and certain preparations (mainly mixtures of sugar and dextrose and iced tea mixes) through the end of this fiscal year. The action also sets a combined limit of 94,000 short tons for each fiscal year beginning with 1985. The U.S. International Trade Commission will investigate the need for import restraints on these products, as well as other products containing sugar.

Although the domestic spot price for raw sugar rose slightly in late February, low prices of about 20.4 cents a pound prevailed through early March.

The national average retail price for sugar slipped marginally to 35.9 cents a pound in January, from 36 cents in December. Prices in 1985 will reflect changes in domestic raw and wholesale refined prices. Wholesale prices have been discounted considerably in the last several months. February prices in the Chicago-West market were about 23 cents a pound, more than 20 percent off list prices, but they are expected to rise in coming months.

Demand for high fructose corn sirup (HFCS) was boosted last November when the major cola companies decided to switch to all-HFCS sweetener use in their colas. However, the seasonal decline in demand, some new production capacity, and possibly lower-priced sugar have spurred some price cuts for corn sweeteners. In Chicago-West, HFCS-55 prices were about 20.5 cents a pound (dry-basis) in January, 1.5 cents below those posted in September and October. HFCS prices in coming months will be affected by more new capacity and likely declines in net corn costs due to a larger crop.

Prices for glucose corn sirup in Chicago-West averaged 10.3 cents a pound (dry basis) in January, 3 cents below October. Dextrose prices have eased only marginally.

U.S. sugar production totaled 5.89 million tons, raw value, in calendar 1984, about 200,000 above 1983. Beet sugar output was up about 470,000 tons, while cane output fell about 270,000. Sugar deliveries for consumption totaled 8.42 million tons in 1984, down some 400,000. However, imports of sugar in blends added perhaps another 100,000 tons of sugar to U.S. consumption, giving a total of over 8.5 million tons. U.S. sugar stocks at the start of calendar 1985 totaled 3.09 million tons, nearly 35 percent of total use, compared with about 28 percent last year.

U.S. beet and cane production in 1984/85 is estimated at 5.9 million tons, but could range between 5.4 and 6.1 million in 1985/86. World sugar production in 1984/85 is estimated at 97.5 million metric tons, raw value.

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World consumption is still forecast at about 96 million tons, and therefore stocks are increasing further. World sugar prices (f.o.b. Caribbean) averaged 3.66 cents in February, up slightly from January. Some stock drawdown could occur in 1985/86, but the potential price enhancement may partially offset the expiration of some long-term higher priced export contracts. Prices will also be influenced by any significant change in the value of the dollar. [*Robert D. Barry (202) 447-8666*]

Upcoming Crop Reporting Board Releases

The following list gives the release dates of the major Crop Reporting Board reports that will be issued by the time the April *Agricultural Outlook* comes off press.

April

1	Egg Products
	Poultry Slaughter
4	Dairy Products
5	Celery
10	Crop Production
12	Turkey Hatchery
16	Milk Production
19	Catfish
22	Cattle on Feed
	Cold Storage
	Livestock Slaughter
23	Eggs, Chickens, & Turkeys
30	Egg Products
	Agricultural Prices

Upcoming Economic Reports

Title	Summary Released
World Ag Supply & Demand	April 10
Middle East & North Africa	April 12
Cotton & Wool	April 15
Agricultural Outlook	April 17
East Asia	April 19
Soviet Union	April 24
Livestock & Poultry	May 6
Western Europe	May 7
World Ag Supply & Demand	May 10
Vegetable Yearbook	May 14
Feed	May 16

Summaries are available on some computer networks on the dates indicated; the full reports are also released electronically 2 to 3 days later. For details on the summaries, call (402) 472-1892 or (301) 588-1572. Full reports, text and tables, are provided by the system on (402) 472-1892.

Farm Income Update

The farm sector economy is expected to remain sluggish in 1985. The absence of PIK disbursements (except for a small amount of wheat in January), combined with a small rise in cash expenses, will likely offset a small increase expected in cash marketing receipts. This will likely leave net cash income (current dollars) near the expected 1984 level, further aggravating farm financial problems, especially for highly leveraged farmers in need of a stronger cash flow. Net cash income is forecast to range between $33 and $38 billion in 1985, compared with the $34 to $38 billion expected for 1984 and the record $40.1 billion of 1983. Deflated (1972 dollars) net cash income is forecast to range from $14 to $16 billion in 1985, compared with the expected $15 to $17 billion of 1984.

In 1985, assuming no extreme weather, the value of the change in farm inventories should not weigh so heavily in determining net farm income as in 1983 and 1984. Unlike the previous 3 years, the change in livestock inventories may outweigh adjustments in crop stocks. Continued liquidation of cattle herds (especially by mixed cash grain/cattle operations), a likely product of the current financial squeeze, will account for most of the expected decline of $1 billion or more in livestock inventories.

Combined with the prospective 2-percent cutback in acres planted, this drop in livestock inventories could leave the total inventory change between $-3 and $1 billion. This is much smaller than either the 1983 change of $-11.7 billion, when drought and PIK reduced crops sharply, or the 1984 increases of $5 to $9 billion, when farmers produced more to recover their 1983 shortfalls. Because inventory change will likely play only a minor role in 1985, net farm income, which measures the income generated from a given calender year's production, should range between $20 and $25 billion, compared with $29 to $33 billion for 1984 and $16.1 billion for 1983. Deflated (1972$) net farm income is forecast to range from $9 to $11 billion this year, compared with $13 to $15 billion in 1984.

The farm sector's contribution to the Nation's gross national product (current dollars) is expected to decline 5 to 9 percent in 1985. Gross farm product, the National Income and Product Account's measure of farm gross value-added, will likely fall because of lower farm output, partially from reduced livestock inventories.

Many variables could alter the forecasts of 1985 farm income as the year progresses. Among them are the weather and it's impact on world crop output, domestic and world demand for U.S. farm products, U.S. interest rates, farm input prices, farm program participation, acreage planted, and input use. Although decisions regarding the new farm bill may not directly affect 1985 farm income, uncertainty over pending legislation could color this year's production decisions. This uncertainty may result in more conservative management tactics, such as delaying machinery investments until after legislation has been finalized.

Direct Government Payments To Remain Large

Direct Government payments (which mainly consist of deficiency, diversion, and conservation programs) averaged about $2 billion annually (current dollars) from 1972 to 1982. However, with the addition of large PIK disbursements, payments totaled $9.3 billion in 1983 and about $8 billion in 1984. In 1985, direct Government payments are forecast to fall to a range of $4 to $7 billion. With the ending of PIK disbursements, all of 1985's direct Government payments will consist of

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Farm Income and Cash Flow Statement

Item	1981	1982	1983	1984F	1985F
			Billion dollars		
Farm income sources					
1. Cash receipts	142.6	144.8	138.7	139 - 143	140 - 145
Crops[1]	73.3	74.6	69.5	68 - 72	69 - 73
Livestock	69.2	70.1	69.2	70 - 74	70 - 74
Cash Government payments	1.9	3.5	4.1	3 - 5	4 - 7
Value of PIK commodities[2]	0.0	0.0	5.2	3 - 5	0
2. Direct Government payments	1.9	3.5	9.3	7 - 10	4 - 7
3. Other cash income[3]	1.9	2.0	1.5	1 - 3	1 - 3
4. Gross cash income (1+2+3)[4]	146.4	150.2	149.6	149 - 153	148 - 153
5. Nonmoney income[5]	13.6	14.2	13.6	12 - 14	12 - 14
6. Realized gross income (4+5)	160.0	164.4	163.2	162 - 166	161 - 166
7. Value of inventory change	7.9	-2.6	-11.7	5 - 9	-3 - 1
8. Total gross income (6+7)	167.9	161.8	151.4	169 - 173	160 - 165
Production expenses					
9. Cash expenses[6 7]	111.4	113.4	109.5	114 - 116	113 - 117
10. Total expenses	136.9	139.5	135.3	139 - 141	138 - 142
Income statement					
Net cash income:[1 7]					
11. Nominal (4-9)	35.0	36.8	40.1	34 - 38	33 - 38
Deflated (1972$)[8]	17.9	17.8	18.6	15 - 17	14 - 16
Net farm income:[1]					
12. Nominal total net (8-10)	31.0	22.3	16.1	29 - 33	20 - 25
Total net (1972$)[8]	15.9	10.8	7.5	13 - 15	9 - 11
Total net (1967$)[9]	11.4	7.7	5.4	9 - 11	6 - 8
13. Off-farm income	39.8	39.4	41.0	41 - 45	43 - 47
Other sources and uses of funds					
14. Change in loans outstanding[7]	15.5	6.8	2.9	-1 - 1	-2 - 2
Real estate	9.3	3.7	2.1	-2 - 0	-3 - 1
Nonreal estate[10]	6.2	3.1	0.8	0 - 2	-1 - 3
15. Rental income	5.7	5.6	4.3	4 - 6	4 - 6
16. Gross cash flow (11+14+15)	56.1	49.3	47.3	39 - 43	38 - 43
17. Capital expenditures[7]	16.8	13.6	13.1	12 - 14	11 - 15
18. Net cash flow (16-17)[1 7]	39.3	35.6	34.2	26 - 30	25 - 30

F = forecast. [1] Includes net CCC loans. [2] PIK data are based on entitlement transactions estimates. [3] Income from custom work, machine hire, and farm recreational activities. [4] Numbers in parentheses indicate the combination of items required to calculate a given total. [5] Value of home consumption of farm products and imputed rental value of farm dwellings. [6] Excludes depreciation and perquisites to hired labor. [7] Excludes farm dwellings. [8] Deflated by the GNP implicit price deflator. [9] Deflated by the CPI-U. [10] Excludes CCC loans.

cash transactions. In fact, cash payments (in current dollars) may be a record this year, because of large payments for wheat, corn, and cotton.

The payments for corn and cotton will be earned mostly through the 1984 program (with some 1985 advances included), while wheat payments will come mainly from the 1985 program. Milk diversion payments will also be disbursed this year, with about $400 million expected. Wheat producers, who may account for one-third of all cash payments made in 1985, will also likely receive more than $500 million in land diversion payments.

Direct cash payments may account for 3 to 4 percent of gross cash income, up from 2.7 percent in 1983 and roughly 2.3 percent in 1984. The alltime high occurred in 1939 when cash payments accounted for 8.8 percent of gross cash income. When they last peaked in 1968 and 1969, cash payments accounted for 7.2 percent of gross cash income.

Cash Receipts To Rise

Cash receipts from marketings of crops and livestock are expected to remain unchanged to 3 percent higher in 1985 following the expected increase of 1 to 3 percent in 1984. These rising receipts will account for virtually all the slight increase expected in gross cash income, since Government payments will likely fall with the termination of PIK. Crop receipts are forecast to remain unchanged to 4 percent higher following an expected slight increase in 1984.

With crop prices forecast to fall 5 to 9 percent, if there is an increase in crop receipts it will come from an expected increase in the volume of marketings. Assuming no unusual weather affects yields, crop output may remain about the same as 1984, further boosting potential sales volume. However, prices received during harvest may hover near the loan rates for most program crops. This may lead to a significant increase in the use of Commodity Credit Corporation (CCC) loans. CCC loans could account for 3 to 7 percent of total crop receipts in 1985; however, this will still be well below the 12 percent of 1982.

In 1984, loan repayments outstripped new loans for the second consecutive year, leaving the net CCC loan value at $-0.8 billion, compared with $-0.7 billion in 1983. The record net CCC loan value stands at $9.1 billion for 1982.

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Strong first-half prices and PIK commitments in 1984 led to heavy withdrawals of regular and reserve CCC loans. With relatively large harvests in 1984, new loans were more prevalent than repayments during the last half of the year. Corn ($1.5 billion), soybean ($0.8 billion), and rice ($0.3 billion) farmers used CCC loans heavily during the final quarter of 1984. Heavy loan volume continued into the first quarter of this year for corn, rice, soybeans, and upland cotton, because prices received for these commodities remained low relative to loan rates.

Cash receipts for feed grains and hay are forecast to rise a tenth in 1985—the first rise since 1982. Corn receipts are expected to increase more than any other commodity, as they approach 1982's $13.5 billion. Strong 1984 production will combine with expected heavy 1985 production (prospective plantings are up 2 percent) to push marketing volume well above that of 1984.

The effect of the increased volume will offset lower expected prices, leaving receipts higher. Receipts for oats and barley may not change much from those of 1984, but sorghum receipts may rise slightly as increased volume overshadows lower prices.

Food grain receipts in 1985 should stay about the same as last year's, with receipts for wheat unchanged and those for rice falling somewhat. Although rice marketings will likely be higher than in 1984, lower prices received could outweigh increased volume, dropping rice receipts below those expected for 1984.

Oil crop receipts are expected to fall somewhat in 1985, with both soybean and peanut receipts registering declines. Sharply lower soybean prices may prevail over higher marketing volume to drop 1985 soybean receipts below a year earlier. Volume will probably be above 1984 despite the 5-percent cutback in prospective plantings, because over 50 percent of 1985 marketings will likely come from the 1984 crop. Marketing volume in 1984 was low because of the poor 1983 crop.

Cotton receipts are forecast to decline somewhat for the third consecutive year, with lower cotton prices likely overshadowing increased marketing volume. Tobacco cash receipts may also decline for the third consecutive year, mostly because of falling sales volume. Growers intend to harvest 10 percent fewer acres. Lower prices received will leave potato and dry bean cash receipts below 1984 levels. Receipts for other vegetables, in total, may also fall somewhat from a year earlier because of lower prices, leaving total vegetable receipts down 4 to 7 percent in 1985.

Cash receipts for livestock and products in 1985 are forecast to remain near the 1984 total. Both prices received and marketing volume should about equal those of a year earlier. Reduced red meat marketings are expected to offset slightly higher milk marketings and a strong rise in poultry sales. Stronger meat animal farm prices, especially for cattle, will be offset by a sharp decline in poultry and egg prices, and a small decline in milk prices, to leave overall livestock prices unchanged.

Cash receipts from red meats are forecast to rise 1 to 4 percent, following the 3- to-6 percent rise expected for 1984. Cattle receipts may rise 1 to 4 percent, with stronger prices topping reduced marketings. The continued large total meat supplies (including poultry) will likely keep red meat prices from making substantial gains. Hog receipts are forecast to remain near the expected 1984 levels.

Lower prices received will likely nudge poultry and egg receipts down slightly in 1965, following an expected rise of nearly 10 percent for 1984. Prices received by poultry and egg producers could fall more than a tenth, while production increases 6 to 8 percent to record levels.

Broiler receipts may remain flat as strong production gains offset lower expected prices. Turkey receipts may also be near their 1984 levels despite larger marketing volumes. Egg cash receipts are expected to decline about a tenth—the fourth consecutive year egg receipts have failed to rise. Sharply lower prices (coming off the prices in 1984, which were influenced by avian flu) will outweigh a small increase in egg production to drop egg receipts below the expected 1984 total.

Dairy cash receipts are forecast to fall 2 to 4 percent—the second consecutive annual decline. This would be the first 2-year decline in dairy receipts since 1953-54. Marketings are expected to increase as the dairy diversion program comes to a close. However, with the assumed lower milk support prices beginning on April 1 and July 1, milk prices are expected to be below a year earlier. Thus, lower milk prices will likely outweigh increased marketings, leaving dairy receipts below those of 1984.

Prices Paid By Farmers Up Slightly

A slight overall increase is forecast in the prices farmers pay. Prices paid for nonfarm origin input items are expected to rise about 1 percent or less, while prices for farm origin inputs are forecast to fall slightly.

Prices paid by farmers for feed are expected to decline in 1985 because of the rebound in 1984 crop production, which has led to lower feed grain prices in the first half of 1985. Fuel prices are also expected to decline for the fourth consecutive year as supplies remain large relative to demand. Fertilizer prices may not change much from their 1984 levels.

Slight upward movements are expected in prices for pesticides, farm and motor supplies, seed purchases, and farm services and cash rent. Feeder livestock prices will likely rise the most as reduced feed prices and stronger fed cattle prices cause feeders and stockers to bid for a reduced number of feeder cattle.

Interest charges per acre (on debt secured by farm real estate), which rose less than 1 percent in 1984, the smallest change since the slight decline of 1946, are expected to decline in 1985, as outstanding real estate debt falls. This component of the prices paid index had been responsible for much of the upward movement in the overall prices paid index since 1950. The index in 1984 was nearly 48 times as great as in 1950.

In comparison, taxes paid per acre rose only seven times during this same period. Although the value of farm real estate continued to decline in 1983 and 1984, taxes paid per acre rose 2 percent last year, and are forecast to rise 2 percent again in 1985.

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Production Expenses May Not Rise
Farm production expenses are currently forecast to remain near year-earlier levels in 1985, with prices paid by farmers for production inputs rising just under 1 percent and total input use falling slightly. Total production expenses are forecast to range between $138 and $142 billion, and cash expenses between $113 to $117 billion. The fall in input use is expected to result from a 2-percent decline in acres planted to principal crops and the overall financial stress in much of the farm sector.

Farm-origin input expenses (feed, purchased livestock, and seed) are expected to rise 2 to 4 percent in 1985, and may be the only major category to increase this year. Purchased livestock expenses will likely rise more than any other category in 1985 because feeder cattle prices are expected to rise 6 to 8 percent. Seed expenses may increase 2 to 4 percent as higher prices, especially for hybrid seed varieties, outweigh slightly reduced use expected mainly from a reduction in acres planted. Feed expenses may not change much from 1984, because increased feed use may offset lower feed prices, especially for corn and soybean meal.

Outlays for manufactured inputs could fall 1 to 3 percent, again mostly due to the expected decline in planted acreage. Fertilizer and pesticide expenses may fall slightly from 1984 levels, with expected reductions in use responsible for most of the decline. Expenses for fuels and oils are forecast to fall 4 to 6 percent as both total use and prices paid decline.

Interest expenses, which may have increased slightly in 1984 because of higher rates, are expected to fall 0 to 2 percent in 1985. Both average real estate and nonreal estate debt outstanding are expected to show slight declines this year as principal payments exceed loan borrowings, especially for real estate debt. Average interest rates on outstanding debt could remain near 1984 levels, with market interest rates averaging only slightly lower in 1985.

This year will mark the end of dairy deductions, an expense that first appeared in 1983. Totaling about $660 million in 1984, these expenses will likely total less than $200 million in 1985 before stopping when the dairy diversion program ends this spring. Other operating expenses, such as hired labor and machine hire and custom work, are also expected to fall slightly this year as lower quantities used eclipse the small increases expected in their prices. [*Gary Lucier (202) 447-2317*]

Benchmarking
With the release of the 1982 *Census of Agriculture* data, farm income estimates will be revised as this census data is incorporated into the income accounts. The revisions will center on 1979-83, with some minor changes dating back to 1970. Cash receipts will be revised, as the source data received from the Statistical Reporting Service is updated. Other cash income will change, due to new information collected in both the 1978 and 1982 *Census of Agriculture* that will be used for the first time in the income estimates. Revisions to nonmoney income and the value of inventory change will mostly be a result of changes made in cash receipts.

The census has for many years been a primary data source for keeping farm production expenses up to date. Expenditures for feed, fertilizer, hired farm labor, fuels, seeds, and agricultural chemicals are collected in each census and become a part of total expenses used to derive net farm income. Other census components, such as land values and number of vehicles reported on farms, are used indirectly in other expense accounts.

Because the Bureau of the Census data is only collected every 5 years, other data are used to estimate non-census years. Additionally, from the time the census is taken to the time the data is reported, several years may have passed. This means the revision process starts with the previous census benchmark, 1978, and moves forward to the present, allowing corrections in the movement of trends and replacing the preliminary 1982 estimates with final ones.

An early evaluation of the production expense items indicates that the current 1982 USDA estimates are higher than data reported in the 1982 *Census of Agriculture*. A downward revision of expenditures is expected, but the magnitude will not be known until later in the year. [*Sandra Suddendorf (202) 447-4190*]

World Agriculture and Trade

EXPORT UPDATE
The volume of U.S. farm products exported will probably decline slightly this year, and lower prices will lead export value to fall even further. For fiscal 1985, export value may recede to $34.5 billion, 9 percent below last year, while imports should total $19.5 billion. This modest increase in agricultural imports, combined with lower exports, is expected to reduce the farm trade surplus to $15 billion. This would be $4.1 billion below 1984's surplus and the smallest since 1978.

U.S. agricultural trade continues to face intense competition from other suppliers against a background of modest foreign demand. Recent months have seen sluggish world demand for soybeans, lagging U.S. wheat sales, and a continued shift away from U.S. corn in major foreign markets. These developments have stemmed from record foreign production of most commodities, the continued strength of the U.S. dollar, and still sluggish economic growth in some foreign markets.

REGIONAL HIGHLIGHTS

• *Western Europe*
Because of record European crops, declining livestock numbers, and a continued strong dollar, U.S. agricultural exports to Western Europe are expected to decline 15 percent in 1985 to their lowest in nearly a decade. Last fall's wheat, barley, and rapeseed crops hit records, with a 33-million-ton increase in European grain production alone.

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Not only will record crops displace imported feeds, but European feed demand is expected to slacken because of the European Community's (EC) dairy reduction program and lower hog numbers in both the EC and the rest of Western Europe. These factors, combined with lower prices and a dollar that has continued to appreciate through the fiscal year's first quarter, are expected to lead to over a $900-million decline in U.S. feed grain and oilseed exports to Western Europe.

Soybean volume will likely climb from last year's depressed levels, but U.S. soybean meal exports will probably fall, as will U.S. exports of other feeds and fodders. However, U.S. cotton exports are expected to remain near 1984's highs, as European textile consumption and exports continue strong and Soviet exports remain low.

● *Japan*

After reaching a record $6.9 billion in 1984, the value of U.S. agricultural exports to Japan is expected to fall about 11 percent in 1985. Lower prices will be largely responsible, but volume of corn, soybeans, and wheat shipments is also expected to drop.

Japan's total feed grain imports are forecast to increase only slightly, as slowing growth in Japan's livestock sector leads to similarly modest growth in formula feed production. Strong competition from China and possibly Thailand may reduce U.S feed grain exports from last year's record 15.7 million tons. Similarly, imported rapeseed meal and increased fishmeal use will continue to depress U.S. soybean exports.

Excellent weather and more acreage increased Japanese wheat production last year, and U.S. exports will fall as a result. Cotton exports, on the other hand, are expected to rise because of low U.S. prices, good freight rates, and slack Soviet exports. Beef exports to Japan are expected to increase in the wake of a U.S.-Japanese agreement, but pork and poultry exports will probably decline because of foreign competition.

U.S. Agricultural Exports: Value and Volume by Commodity

Commodity	October-January 1983/84	October-January 1984/85	Fiscal 1984	Fiscal 1985 Forecast March
		Billion dollars		
Grains and feed	6.071	5.792	17.432	15.6
Wheat and flour	2.108	1.985	6.737	5.9
Rice	.293	.220	.897	.7
Coarse grains[1]	3.095	3.073	8.216	7.4
Corn[2]	2.640	2.613	7.022	6.3
Oilseeds and products	3.489	2.985	8.761	7.2
Soybeans	2.389	1.907	5.714	4.6
Soybean cake and meal	.586	.339	1.203	.8
Soybean oil	.127	.221	.617	.6
Livestock and products	1.103	1.164	3.460	3.3
Poultry and products	.142	.145	.413	.4
Dairy products	.143	.110	.395	.4
Horticultural products	.910	.907	2.606	2.7
Tobacco	.699	.762	1.433	1.6
Cotton & linters	.720	.819	2.405	2.1
Seeds	.133	.138	.320	.4
Sugar and tropical products	.291	.273	.788	.8
Total	13.701	13.096	38.013	34.5
		Million metric tons		
Wheat	12.654	12.871	41.698	37.5
Wheat flour	.333	.127	1.074	.9
Coarse grains[1]	20.936	24.404	55.562	58.7
Corn[2]	17.730	20.654	47.001	49.5
Feeds, ingredients & fodders	2.296	2.132	6.845	7.0
Rice	.718	.617	2.293	2.0
Soybeans	7.938	8.008	19.198	20.0
Soybean cake & meal	2.325	1.707	4.931	4.7
Soybean oil	.167	.305	.827	.8
Sunflowerseed	.234	.645	.998	1.1
Sunflowerseed oil	.094	.061	.188	.1
Other oilcakes & meals	.100	.075	.198	.2
Beef, pork & variety meats	.139	.131	.394	.4
Poultry meat	.076	.085	.226	.2
Animal fats	.498	.424	1.378	1.2
Tobacco	.111	.127	.227	.3
Cotton & linters	.468	.519	1.498	1.4
Horticultural products	1.007	.968	2.854	2.8
Other	1.153	1.235	3.207	3.2
Total	51.247	54.441	143.623	142.5

[1] Includes corn, oats, barley, sorghum, rye, and products. [2] Excludes products.

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Oceania
U.S. agricultural exports to Oceania are expected to fall slightly in 1985, to their lowest level since 1980. Increased exports of soybeans, tree nuts, and pork are not expected to offset declines in soybean meal, tobacco, and feed grains.

Canada
During 1985, the value of U.S. farm exports to Canada is expected to change only slightly from 1984's $1.9 billion, as somewhat larger grain and soybean meal exports offset other declines. Coarse grain exports to Canada will likely rise, despite a record corn crop in eastern Canada. Lower U.S. prices, reduced Canadian wheat and barley supplies, and increased poultry production will boost consumption. Also, hog production will remain high, and lower grain prices may encourage more cattle feeding in the eastern provinces.

Imports of U.S. soybean meal may increase because of rising Canadian poultry production and last year's labor problems at Canadian crushing plants. But soybean imports will probably decline following a record crop in Ontario. Also, higher Canadian vegetable production will reduce imports of these items.

USSR
U.S. exports to the Soviet Union are expected to increase again this year, after doubling to a record $2.5 billion in fiscal 1984. If the Soviets attempt to maintain their livestock numbers as expected, despite their sixth consecutive poor harvest, then imports of U.S. corn may reach a record. Total Soviet grain imports are projected to hit a record in 1985, and the Soviets will probably account for a greater share of U.S. feed grain exports this year. However, U.S. wheat exports are expected to be lower because of record late summer shipments last year and an assumed normal Soviet wheat crop later this year.

U.S. soybean exports also are expected to be lower in 1985 because massive Soviet grain imports may limit the amount of hard currency available for other farm imports. Furthermore, some Soviet soybean import needs have been met by China. U.S. cotton exports are expected to continue in 1985, following a Soviet harvest that hit a 10-year low. Nevertheless, record foreign production will probably lower the U.S. share.

Eastern Europe
Despite improving economies, U.S. agricultural exports to Eastern Europe are expected to decline in 1985, as they have every year since 1981. The total export value should be about 9 percent lower this year. Oilseeds, the largest U.S. export to the region, are expected to drop because of increased production in Romania and Yugoslavia and a record rapeseed crop in Poland. On the other hand, soybean meal exports are forecast to rise, largely because of increased Polish demand. Feed grain shipments are expected to fall because of East Germany's record crop and existing agreements with Canada and Austria.

China
After a rebound in 1984, China's imports of U.S. farm products are expected to decline by a little over 40 percent as wheat purchases drop. U.S. wheat shipments will probably fall as another record crop raises stocks, but the U.S. market share is expected to remain near the 1977-83 average of 40 percent. Wheat accounts for about 90 percent of U.S. farm exports to China now that self-sufficiency has ended once-large imports of other commodities, such as cotton and corn. However, imports of some other products are growing as China's development diversifies. For example, imports of U.S. cattle hides, vegetable oils, and tobacco will be higher in 1985.

Middle East
Modernization of regional feeding practices, expanded Saudi port capacity, and extensive offers of U.S. credit guarantees are expected to boost U.S. feed grain exports to the Middle East by over a million tons for the second year in a row. Total export value may rise but will not repeat 1984's 26-percent jump to $1.9 billion.

The fastest growing market for U.S. farm products last year was Iraq, and increased credit guarantees may lead to further increases. A large increase in soybean meal exports will probably be repeated in 1985, with Iraq making nearly 80 percent of the region's purchases under U.S. credit arrangements. U.S. credit guarantees to Turkey will also rise, as will the value of its U.S. farm purchases. U.S. wheat exports are likely to fall as larger shipments to Iraq and Jordan fail to offset reduced sales to Saudi Arabia and Turkey. Drought will cause an increase in Jordan's wheat imports and will hold Israel's U.S. wheat imports around last year's level.

South Asia
U.S. farm exports to South Asia are expected to fall significantly for the second year in a row in 1985—about one-quarter from 1984's $867 million. Most of the decline is due to the termination of commercial wheat imports by India following its second bumper crop. Another important factor is Pakistan's rebounding cotton crop, which will preclude repetition of 1984's unusual U.S. cotton sales to Pakistan, and will curb U.S. sales to Bangladesh.

Increased cottonseed production will also cut U.S. vegetable oil sales to the region, as will larger world palm oil supplies and a second year of good oilseed production in India. A shortfall in wheat production in Pakistan and a flood-reduced rice crop in Bangladesh will raise import requirements, but competitors will probably meet Pakistan's needs. Concessional sales will probably raise Bangladesh's imports of U.S. wheat and rice.

Southeast Asia
After reaching a record $1.2 billion in 1984, U.S. agricultural exports to Southeast Asia are expected to drop marginally because of generally good harvests, increased foreign competition, and lagging economic growth for the largest U.S. customers. Record rice production and restrictive economic policies will hold Indonesia's imports of U.S. wheat near last year's level, and Philippine wheat consumption will probably still be affected by financial difficulties.

Recovery in the region's textile sector will probably continue, but U.S. cotton exports will likely not rise again in 1985, following Thailand's currency devaluation. Despite an offer of credit guarantees, the United States is not expected to recover its traditional share of the Thai cotton market.

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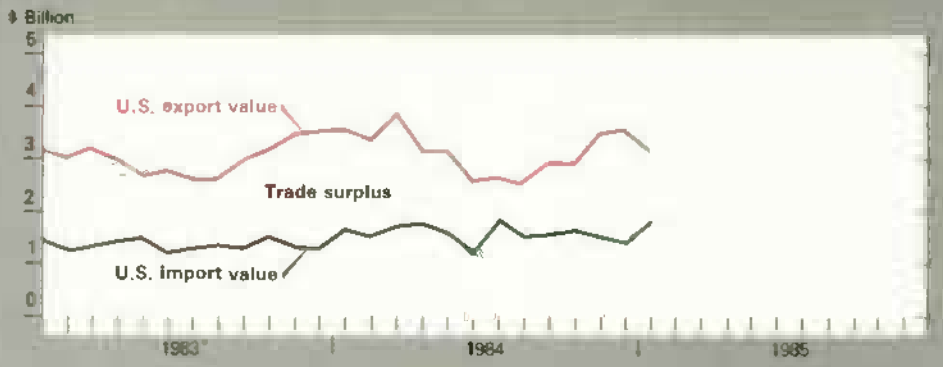
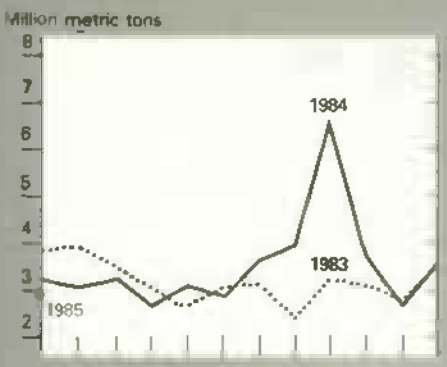
U.S. Agricultural Trade Indicators

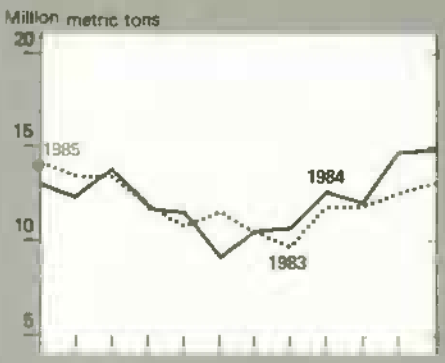
U.S. agricultural trade balance



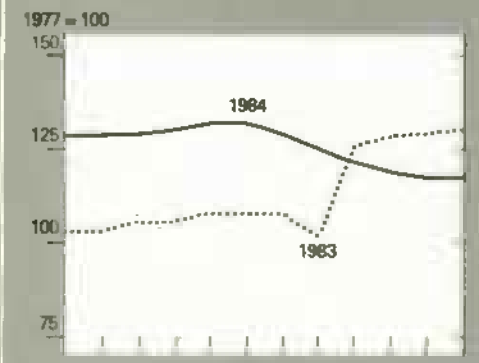
U.S. wheat exports



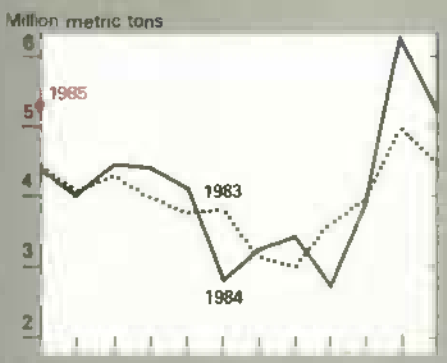
Export volume



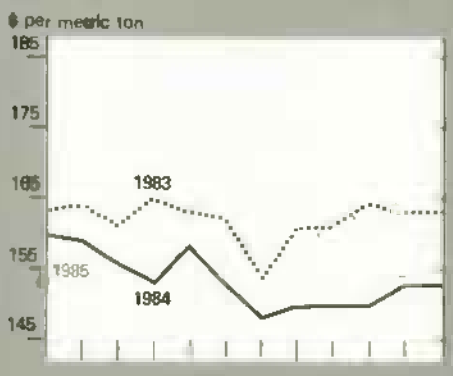
Export prices



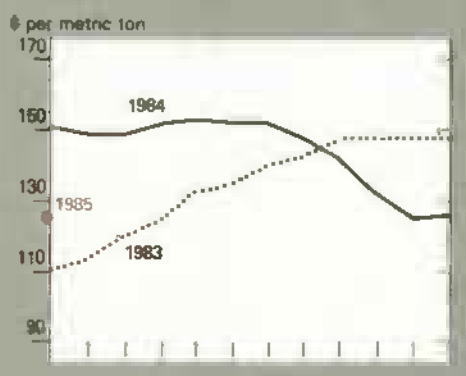
U.S. corn exports



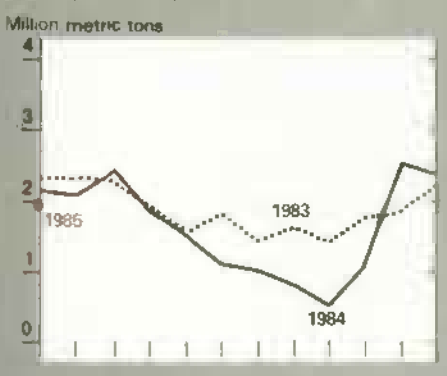
Wheat export unit value*



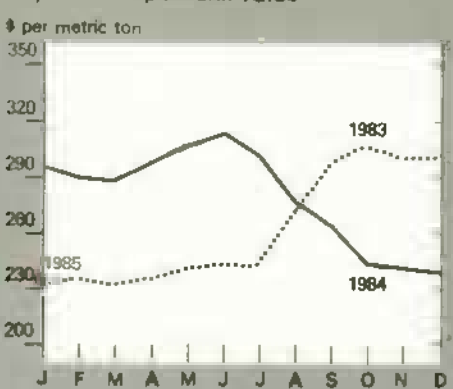
Corn export unit value*



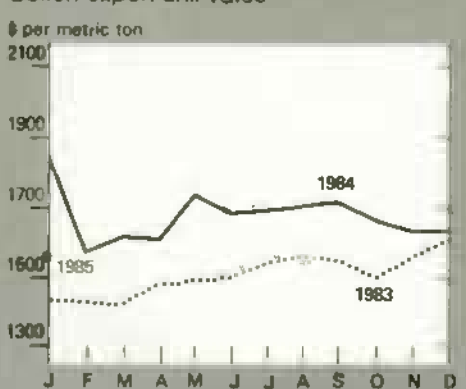
U.S. soybean exports



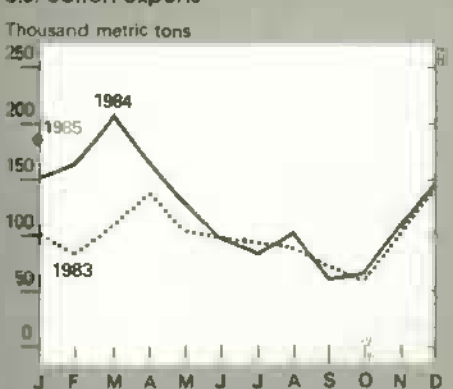
Soybeans export unit value*



Cotton export unit value*



U.S. cotton exports



*Value of U.S. exports divided by volume exported. Data on the wheat, corn, soybean, and cotton exchange rates are now included in the U.S. Agricultural Trade tables at the back of this issue.

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Soybean shipments to the region will partially rebound, thanks to lower prices, but competition from China is anticipated. Chinese competition is also expected to help reduce imports of U.S. corn, as will increased regional self-sufficiency and Thai exports. Exports of soybean meal and rice are also expected to be lower, but the United States will probably ship more tobacco to the region.

● *East Asia*
The value of U.S. farm exports to middle-income East Asia (Korea, Taiwan, and Hong Kong) is expected to be about 2 percent below 1984's $3.7 billion, despite slightly higher export volume. Coarse grain exports to the region are expected to increase, but Korea's imports may be the lowest since 1981. Continued competition from Australian feed wheat, and competitively priced corn and sorghum from China, will reduce the U.S. market share in East Asia. In addition, slowing but still strong economic growth is not expected to lead to much expansion in livestock production this year.

Textile production should remain strong in 1985, and the region's cotton purchases from the United States and other producers are expected to rise marginally. Imports of U.S. soybeans, cattle hides, and wheat are also expected to rise. Wheat shipments may even reach a record volume because of a substantially reduced Korean crop.

● *North Africa*
Drought, credit guarantees, and increased livestock feeding rates in North Africa will probably boost U.S. agricultural exports about 10 percent in 1985, the third consecutive year of increased sales. Wheat exports are expected to rise substantially because of poor rainfall in Algeria and continued low stocks in Morocco due to a poor 1983/84 crop.

Livestock and poultry feeding in Egypt, Algeria, and Tunisia is anticipated to increase, and so will imports of U.S. feed grains. Smaller Egyptian soybean and cotton harvests will be reflected in that country's imports; Egypt will import U.S. cotton to free higher quality production for export. Tobacco exports to Egypt are expected to quadruple because of U.S. credit guarantees and late shipments from fiscal 1984 purchases.

● *Sub-Saharan Africa*
U.S. exports to this region are expected to drop about 10 percent from 1984's record $1.3 billion, as increased shipments to food emergency countries fail to offset sharply reduced corn shipments to South Africa. Fiscal 1985 sales under P.L. 480, Title I, are forecast to exceed 1984 sales by more than a third. Emergency food aid approvals are also expected to be much higher.

U.S. feed grain exports to countries other than South Africa are expected to double, largely due to concessional and emergency shipments. South African imports of U.S. feed grains are expected to fall substantially because of a partial recovery in corn production expected this year.

Drought-induced production shortfalls will lead to increased exports of U.S. wheat, particularly to Sudan, Ethiopia, and Kenya. Wheat exports to Nigeria will rise because wheat is favored over more expensive rice.

● *Latin America*
The value of U.S. agricultural exports to Latin America may fall 5 to 7 percent from last year's $5.3 billion, primarily because of better harvests throughout the region and lower prices. Feed grain sales are expected to decline because anticipated increases for Venezuela and Brazil may fail to offset declines expected for other countries. Mexico, the largest U.S. feed grain customer in the region, is expected to reduce its imports following good corn and sorghum crops.

Oilseed sales to Latin America during fiscal 1985's first quarter were strong because of inventory building, but soybean and meal shipments are expected to be lower by yearend. However, U.S. wheat exports may increase slightly, largely because of Brazil's poor harvest and postponed termination of its wheat consumption subsidy. [*Steve MacDonald (202) 447-8841*]

Food and Marketing

Consumer expenditures for domestic farm foods are expected to increase 4 to 6 percent in 1985. Expenditures will rise because of small increases in retail food prices, slightly higher per capita food consumption, and an increase in the U.S. population.

Retail food prices are expected to rise 2 to 5 percent in 1985 to account for most of the rise in expenditures. Population growth will likely boost spending about 1 percent. Per capita food consumption is forecast to increase abont 0.5 percent, after falling in 1984.

The increase in food prices can also be broken down into changes in farm prices and the price of marketing services. Farm prices are expected to average 2 to 5 percent lower in 1985. However, increases of 1 to 3 percent are likely for meat animals. Lower prices are forecast for poultry and eggs, fruit and vegetables, and dairy products.

In contrast, marketing costs may rise 3 to 5 percent because of higher costs for labor, packaging, and transportation. Stable or declining costs are expected for the fuel and power used in food processing and distribution.

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Marketing Bill Rises More Than Farm Value

The 1984 marketing bill is estimated at $234 billion, about 73 percent of total expenditures for U.S.-grown farm foods. The farm value makes up the remaining $89 billion, or 27 percent.

The long-term trend has been for the marketing bill to grow at a faster rate than the farm value. A major factor is the increasing percentage of total food expenditures spent in the away-from-home market, expecially for fast food, where marketing costs per unit of food are much higher.

Also, there is a long-term trend towards increased processing and packaging of food. Pushing this trend are the increasingly popular frozen, microwave, and single-serving items.

Although consumer expenditures for food are still much higher in the at-home market, the away-from-home market is growing at a faster rate. Over the last 10 years, total consumer expenditures for food went up $178 billion. Food in the away-from-home market accounted for 41 percent of this increase.

From 1974 to 1984, the Consumer Price Index (CPI) rose 80 percent for food at-home and 109 percent for food away-from-home. At the same time, expenditures rose 95 percent in the at-home market, while they rose 163 percent in the away-from-home arena. Therefore, sales away from home rose 28 percent faster than at home.

The increase in food consumed away from home can also be shown by the functional breakdown of the marketing bill. In 1974, 42.5 percent of the marketing bill was retailing costs; in 1984, it was 45.5 percent. As retailing costs increased, food manufacturing expenses decreased as a percentage of total marketing costs—from 37.6 percent in 1974 to 35.5 in 1984. The force behind the shift has been labor costs.

While the number of production workers in the food manufacturing industry has fallen 2 percent over the last 10 years, the number of nonsupervisory workers in food retailing rose about 34 percent, and the number of nonsupervisory workers in public eating places increased 58 percent. These changes are compounded by average hourly earnings rising about as fast in food retailing as in food manufacturing, with both doubling over the last 10 years.

Food Expenditures, the Marketing Bill, and Farm Value

	Total	At home[1]	Away from home
		Billion dollars	
Consumer expenditures[2]			
1974	154.6	109.5	45.1
1980	264.4	180.1	84.3
1981	287.7	194.0	93.7
1982	298.9	196.8	102.2
1983	315.0	204.6	110.4
1984	332.2	213.5	118.7
Marketing bill			
1974	98.2	63.6	34.5
1980	182.7	113.9	68.8
1981	204.5	127.0	77.5
1982	215.2	129.9	85.3
1983	230.2	137.2	93.0
1984	242.7	142.3	100.4
Farm value			
1974	56.4	45.9	10.6
1980	81.7	66.2	15.5
1981	83.2	67.0	16.3
1982	83.7	66.8	16.9
1983	84.9	67.5	17.4
1984	89.5	71.2	18.3

[1] Primarily purchased from retail food stores for use at home. [2] For domestically produced farm foods.

Labor Costs Keep Climbing

Labor costs are by far the largest component of the marketing bill—45.5 percent in 1984. Labor costs rose 5.9 percent in 1984. This increase came from both greater employment and higher weekly earnings.

Total employment in the food marketing industry (manufacturing, wholesaling, retailing, and public eating places) was up 3 percent. Weekly earnings also rose in 1984. The weighted-average weekly earnings for production or nonsupervisory workers increased 2.4 percent.

The remainder of the labor cost increase was from a rise in employee benefits. Over the years, costs for these benefits, such as employee insurance and pension plans, have been growing faster than hourly wages.

Labor costs in 1985 should increase between 5 and 6 percent for three major reasons. First, over the past several years, unions have put more emphasis on job security and supplemental pay issues than on hourly wage increases. Second, most of the growth in employment will be in the lower paying food service industry and not in the higher paying food processing industry. Third, the minimum wage won't increase this year, which greatly affects wages in the food service sector.

Other Costs Also Rise

Packaging. Prices for food containers and packaging materials were the fastest growing portion of the marketing bill in 1984. Packaging costs were up more than 9 percent; paper board and plastic film prices rose 12 and 20 percent, respectively.

Packaging cost increases are forecast to slow in 1985 because of the predicted slower growth rate for the overall economy. In addition, supplies of the basic feedstocks needed for packaging materials, such as oil and woodpulp, should be larger.

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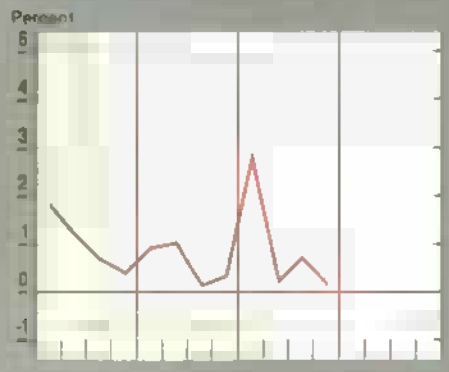
Food and Marketing Indicators

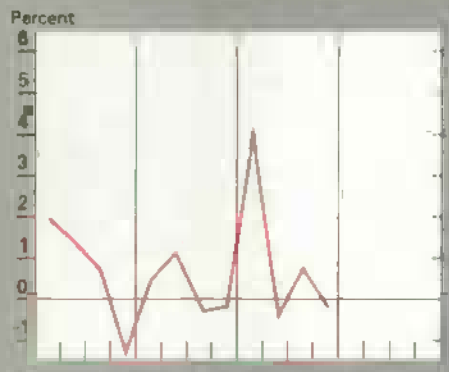
CPI: Total food°



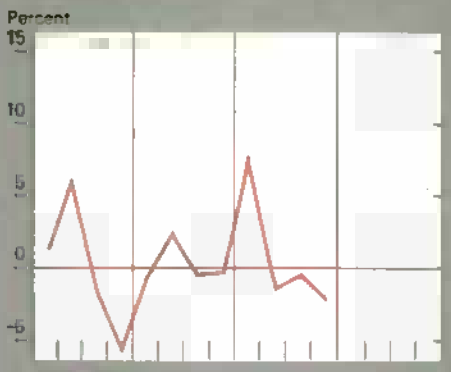
CPI: Food at home°

CPI: Food away from home°

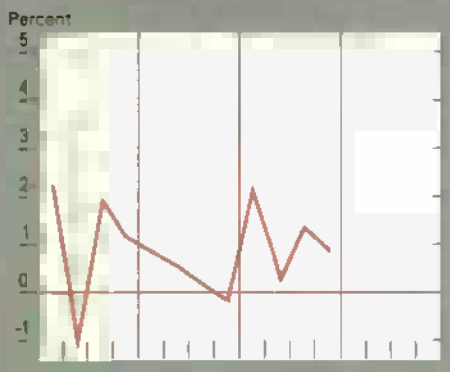
Farm food market basket, retail price



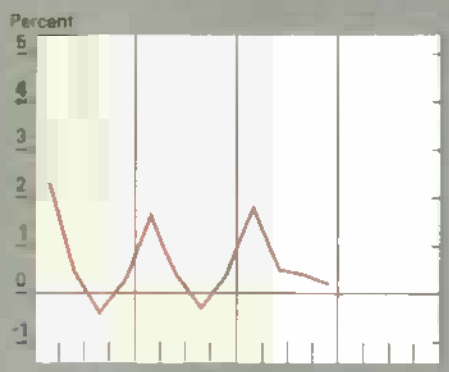
Farm value



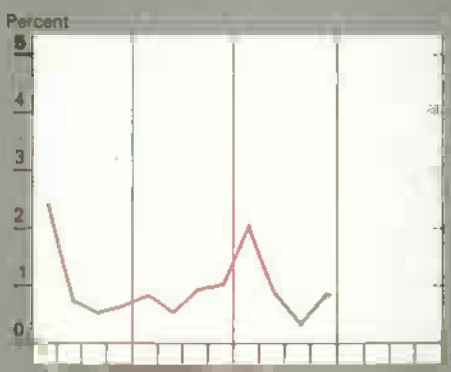
Farm to retail spread



Imported food and fishery products

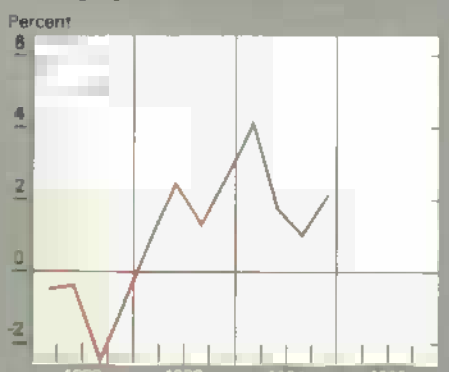


Marketing cost index

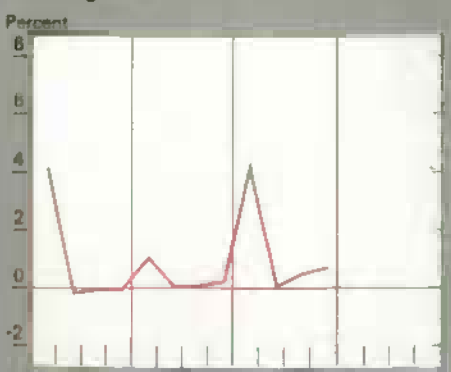


Labor cost

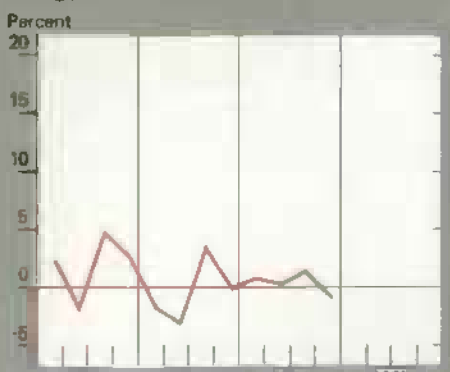
Packaging cost



Rail freight rates



Energy rates



°CPI unadjusted.
All series expressed as percentage change from preceding quarter.

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Fuel and Power. Energy costs, at $12.9 billion, made up 5 percent of the total marketing bill in 1984, and were 1.6 percent higher than in 1983. Both natural gas and oil prices fell, but electricity costs rose. Higher electrical rates have a heavy impact on the food retailing sector, because it uses electricity for cooling and lighting.

Fuel and power costs should rise very little in 1985. Electrical rates may show some upward movement, but oil and natural gas prices should be steady or lower over the year.

Transportation. Transportation costs for food marketing were $15.9 billion in 1984—a 2.6-percent increase that was chiefly the result of higher rates. Transportation rates should rise only slightly in 1985. Both deregulation and stable or lower fuel prices will put downward pressure on transportation rates.

Corporate Profits. In 1984, about 6.7 percent of the total marketing bill consisted of corporate profits, up from 6.1 percent 10 years earlier. The increase in corporate profits as a percentage of the total marketing bill is linked to the growing share of food purchased in the away-from-home market. In general, profit margins are larger in the away-from-home market. In 1985, corporate profits before taxes are expected to increase because good general economic conditions and growing personal disposable income will allow continued expansion in the away-from-home market. [*David Harvey (202) 447-8666*]

Components of Consumer Spending on Food

	1974	1980	1981	1982	1983	1984
	Billion dollars					
Consumer expenditures	154.6	264.4	287.7	298.9	315.0	332.2
Farm value	56.4	81.7	83.2	83.7	84.9	89.5
Total marketing bill	98.2	182.7	204.5	215.2	230.2	242.7
Labor[1]	44.3	81.5	91.0	96.6	102.5	108.5
Packaging	11.8	21.0	22.8	23.2	24.4	26.7
Transportation[2] (rail and truck)	7.5	13.0	14.3	14.7	15.5	15.9
Fuel and power	3.7	9.9	11.6	12.2	12.7	12.9
Corporate profits (before taxes)	6.1	10.9	12.0	13.0	14.8	16.2
Other[3]	24.8	46.4	52.8	55.5	60.2	62.5

[1] Includes supplements to wages and salaries, such as pensions and health insurance premiums. Also includes imputed earnings of proprietors, partners, and family workers not receiving stated remuneration. [2] Excludes local hauling charges. [3] Includes business taxes, depreciation, rent, advertising, interest, and numerous other costs.

Recent Publications

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Milk Production: A Four-State Earning Comparison. AER-528. 48 pp. February 1985. (Price $2.25).

Product Diversification Trends in U.S. Food Manufacturing. AER-521. 52 pp. March 1985. (Price $2.25).

U.S. Rice Distribution Patterns, 1982/83. SB-723. 38 pp. March 1985. (Price $2.00).

Factors Affecting U.S. Milk Production. AER-527. 28 pp. March 1985. (Price $1.75).

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Agricultural Policy

ADDITIONAL FARM CREDIT RELIEF MEASURES ANNOUNCED

On February 6, Secretary Block announced additional measures to help financially stressed farmers. The provisions enhance an initiative for restructuring farm debt announced by President Reagan last September. (See: October 1984 *Agricultural Outlook*, p. 22.)

The original initiative contained four provisions:

(1) The Farmers Home Administration (FmHA) on a case-by-case basis can defer up to 25 percent or $200,000, whichever is less, of the principal and interest payments owed by selected farmers for up to 5 years;
(2) Federal guarantees of $650 million will be provided to private farm lenders, such as rural banks, who in turn agree to write off 10 percent of the farm debt principal owed by individual borrowers facing difficulties;
(3) Experts from local communities are to be contacted and asked to volunteer to help farmers develop financial and production management plans, and finally;
(4) FmHA will contract out some of its routine paperwork to private banks and other financial institutions to reduce existing backlogs.

The new farm credit relief measures include a provision that the Secretary of Agriculture chair a farm credit coordinating group to oversee activities of Federal and financial regulatory agencies having responsibilities for farm credit issues. The group will coordinate resources within existing Federal programs to assist financial institutions, communities, and individual producers.

Another change from the September announcement includes a provision offering lenders a choice of a 10-percent writeoff in either the interest or principal of problem loans as an inducement to participate in the Federal guarantee program. USDA will also create an emergency "credit assistance" program. FmHA guarantees of up to 90 percent on operating loans will be made to eligible producers previously served by failed lending institutions.

These operating loan guarantees will apply only to new-crop loans on a 1-year basis. Eligibility for such loans will be limited to producers with substandard loans who can meet a cash flow test on new credit extensions. When originally announced, the cash flow test included a 10-percent profit margin as a criterion, but it was later dropped. The assuming institutions may write loans under quick certification procedures to be established by emergency regulation.

In another provision, the Department of the Treasury will work with the Federal Deposit Insurance Corporation (FDIC), the Comptroller of the Currency, and the Federal Reserve Board to come up with a policy that would not discourage banks from exercising forbearance or from working with farmers and small business borrowers temporarily having difficulties with their debt-service obligations. In particular, each agency will review the examination report of each farm sector bank before it is forwarded to ensure compliance.

USDA will create special action teams of FmHA lending officers to set up temporary offices on short notice in areas where a commercial bank or Farm Credit System institution has been liquidated. The team will help reestablish necessary operating credit for qualified operators. The Department will not only work with the FDIC to obtain early notification of bank liquidations and move teams into the area immediately after a liquidation occurs, but also operate "credit hot lines" in various States to provide financial information and advice to troubled operators.

USDA is reviewing its standards for recruiting farm credit and farm management specialists to work with commercial and Farm Credit System lenders on the credit initiatives. The Department plans to aggressively place the specialists in targeted areas, and encourage State governments and commercial and Farm Credit System lenders to provide staff assistance to help with the timely processing of FmHA loan applications. The Secretary will direct agencies within USDA to assist FmHA in providing staff assistance. [*Tom Fulton and Jim Zellner (202) 447-4943*]

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How Farmers Are Responding to Financial Stress

Farmers are adjusting to low prices, high interest rates, and generally low returns. During the 1970's, farmers responded to export growth and rising prices by increasing use of fertilizer, adding labor-saving machinery, expanding farm size, and investing in land and real estate improvements. Farmers financed much of this expansion by going into debt. This has greatly limited their flexiblity now that conditions in the 1980's have changed. The portion of farm assets that could be easily converted to cash has declined, which has also reduced farmers' ability to weather shortages of cash flow.

Adjustment On the Farm

Because of the competitive nature of agriculture, the main way farmers increase profits is by reducing costs. Some of the options for farmers are to use family labor, thus minimizing out-of-pocket expenses; lease land and fixed capital inputs rather than purchase them and acquire more debt; and reduce variable input use.

Farms flexible enough to change their mix of products may do so to reduce costs. Mixed grain-livestock farms may be able to improve their profitability by converting marginal cropland to pasture and increase livestock production, but production costs and relative product prices will be important factors.

Other farm operators may choose to sell marginally profitable land or marketable assets. A financially pressed grain-livestock farm may sell breeding stock to raise cash needed to improve the grain operation. Presently, many farmers face this choice of shoring up their firm's cash flow at the expense of long-run profits.

Income from nonfarm sources helps explain why some marginal or unprofitable farming operations continue. The unavailability of nonfarm employment opportunities partially explains why some farmers continue producing in the face of low crop prices. Specialized farming operations in areas of limited off-farm employment have few options for adjusting to periods of low returns. Consequently, they continue as they did in the past and hope that the period of low returns is short.

Aggregate Adjustments

Adjustments occurring in agriculture are readily apparent by comparing production factors during the 1970's and 1980's.

- Gross investment in the 1970's in farm capital—tractors, machinery, buildings, and other items—rose faster than depreciation. In the 1980's, the reverse is true, implying net disinvestment. The contraction in farm capital stock in 1981-83 is nearly equal to the expansion during 1974-80.

- In the 1970's, farm debt grew an average of about 13 percent a year, and was fueled by equally large increases in land values. The contraction in farm debt—0.7 percent in 1983 and 1.2 percent in 1984—reflects farmers' attitudes that it is better to forego capital or land purchases than incur more debt.

- Land values in the 1970's increased rapidly, about 13 percent a year. They have dropped 10 percent since 1981. Adjusting for inflation during that time implies nearly a 55-percent decline.

Land values merit closer scrutiny. The recent declines follow over 30 years of nearly continuous increases in land values and are a major worry to lenders, because land constitutes a major security for their loan portfolio.

Such a decline adversely affects farmers because it reduces their wealth and borrowing capacity. If these farmers held large debts relative to their assets, such a decline can quickly move them towards insolvency. Recent reports from the Midwest for the last quarter of 1984 show the largest land value declines in recent history.

The decline is a response to lower expected earnings, significantly higher interest rates, and limited uses for land and farm capital elsewhere in the economy. Since farmland and durable capital have few alternative uses, they tend to remain in production in the short-run despite lower demand for farm products. Consequently, little change in the supply of farm products occurs despite lower product prices and resulting lower asset values. *[Ron Meekhof (202) 447-7340]*

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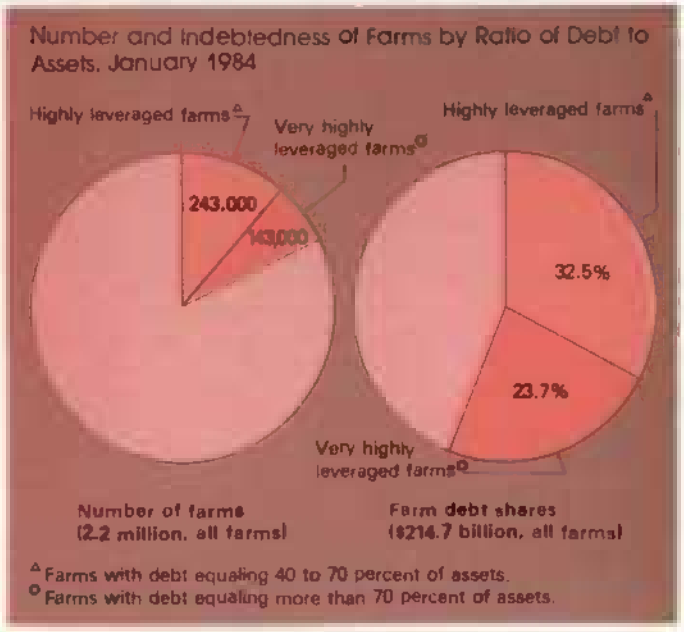

CURRENT STRESS AMONG FARM LENDERS AND INPUT SUPPLIERS

The length, as well as the depth, of the current farm downturn concerns farm lenders and farm input suppliers, with significant setbacks during the 1980's worsening their financial conditions.

Agricultural Lenders

The major farm lenders are the commercial banks, the Farm Credit System (FCS), Farmers Home Administration (FmHA), life insurance companies, the Commodity Credit Corporation (CCC), and individuals and others. Commercial banks, the most important for nonreal estate debt, have problems with borrowers' cash shortfalls and loan delinquencies. The FCS holds the largest share of real estate debt and is thus primarily affected by declining land values.

The third most important class of lender is "individuals and others," which accounts for nearly as much total debt as commercial banks. Very little is known about terms and conditions of loans by individuals, nor how such lenders fare when their borrowers face financial stress. If their loans are unsecured, these lenders fare the worst of all creditors. However, if they are holders of land contracts they may have the best protection. The FmHA holds almost 12 percent of all outstanding farm debt.

Agricultural lenders have become increasingly concerned about farm loan defaults and delinquencies. In 1983, loan losses as a share of outstanding loans were 1.2 percent for PCA's, 0.94 percent for agricultural banks, 0.02 percent for FLB's, and 0.15 percent for the FmHA. Some 2.6 percent of the dollar amount of life insurance company mortgage loans were in the process of foreclosure in 1983.

Lender stress increased further throughout 1984 and into 1985. In response, farm lenders have tightened credit requirements and more overdue accounts are being closed out. Lenders are cautious in the current economic environment.

Commercial Banks

Agricultural banks as a group are in sound condition with adequate profits, capital reserves, and liquidity, but there are some trends that bear watching. Increasingly, banks more heavily involved in farm lending have tended to possess a higher-than-normal proportion of delinquent loans and loan losses. Failures are up among agricultural banks. This unfavorable trend is expected to continue in 1985 at agricultural banks whose loan portfolios, both farm and nonfarm, are strongly influenced by poor farm conditions.

Despite the growing financial stress, the problems are not universal. Banks located in California, the Corn Belt, and the Northern Plains appear to be harder hit than banks in other regions. Adverse weather in recent years has created widespread repayment problems in the Southeast. However, commercial lenders in the Southeast have avoided such problems because they earlier transferred their worst borrowers to the public sector.

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Agricultural banks will continue to work closely with their troubled borrowers in 1985, much the same as they did during the economic stress of the early 1980's. Their assistance will come mostly through refinancing and restructuring loans. Many also will turn to the FmHA for loan guarantees, which will be hastened by the new FmHA Debt Adjustment Program.

Despite the hard work of many lenders, debt repayment problems may remain high well into 1985, especially if the farm economy is faced with a year of poor prices or yields and high interest rates. Lenders will aggressively seek out the large number of quality borrowers for continued loan portfolio growth.

Future agricultural loans may become increasingly more concentrated, with fewer borrowers having larger loans. Commercial lenders in agriculture in 1985 have to draw upon resources accumulated during stronger periods to weather the current high level of problem loans.

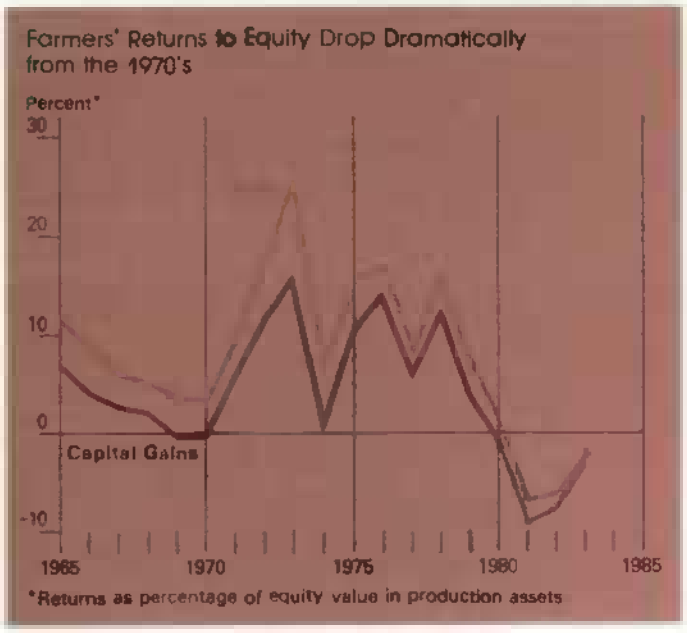
Farm Credit System

The FCS has experienced growing economic stress in the 1980's, first with its production credit associations (PCA's), and after a significant lag, with Federal Land Banks (FLB's). The declines in PCA net earnings after 1981 and FLB net earnings after 1982 are the result of a complex set of factors.

The financial condition of the FCS continued to worsen in 1984 because the ability of borrowers to repay debt failed to improve. As with commercial banks, their regional financial conditions have wide variation. Parts of the Corn Belt and Northern Plains have the highest frequency of problem loans.

However, loan losses and late payments are up throughout the Nation. Profits have declined, and competition is strong for quality borrowers. PCA losses currently exceed those of the FLB's by a wide margin. This does not necessarily imply that PCA's are in worse condition, but that the PCA problem loans surfaced earlier than those of FLB's.

Often, short-term lenders allow borrowers to service long-term debt from their operating lines of credit. As short-term lenders terminate this practice, "hidden" FLB problem loans may appear rapidly. This phenomenon may have started for some FLB's in 1984.



The FCS is suffering losses that are very high by historical standards and will continue to be high until their loan portfolio improves. The credit problems that have faced the FCS during the past 2 years—delinquencies, foreclosures, loan losses, and credit quality—will continue to be major problems throughout 1985. Growing losses at FLB's are an important concern because they have recently been the strength of the FCS. However, short-run losses, mergers, and consolidations may strengthen the long-run viability of the FCS by placing it in a better position to earn long-term profits in agriculture's changing financial environment.

Farmers Home Administration

FmHA typically carries the largest share of high-risk loans, because as the lender of last resort, it lends to farmers who cannot obtain credit elsewhere. Other lenders can often transfer marginal accounts to FmHA to improve their position and avoid added risk. FmHA has over $25 billion in outstanding farm debt.

On June 30, 1984, some 35.4 percent of the caseload and 21.3 percent of the amount of unpaid principal outstanding were delinquent. Comparable figures for 4 years earlier on June 30, 1980, were 16.7 and 4.6 percent, respectively.

Although the Corn Belt and Northern Plains regions hold the most FmHA debt, the production regions stretching from South Carolina to Oklahoma and Texas pose the greatest problem with delinquent borrowers. Despite the general high delinquency rates, FmHA writeoffs or loan losses have been held to a minimum.

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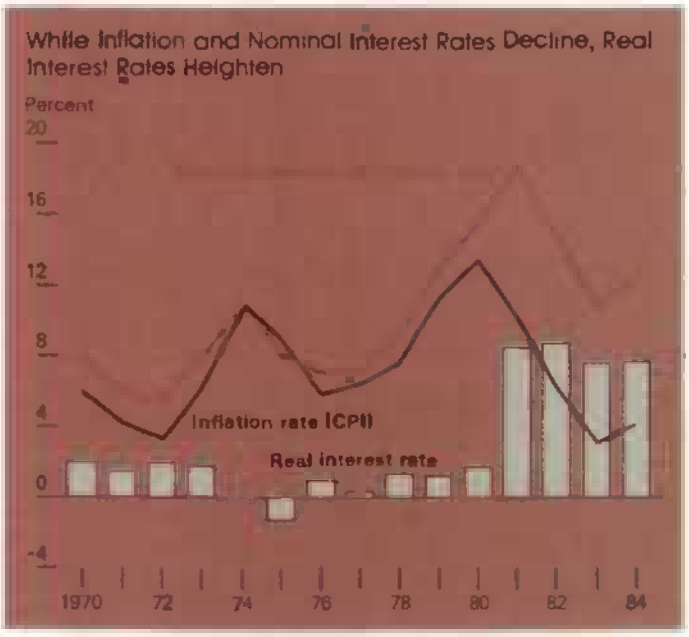
FmHA has initiated an approved lender program, which will cause guaranteed loans to increase, and is expanding restructuring and deferrals through the new debt adjustment program. Although FmHA has exercised much forbearance in recent years, considerable information points to a deteriorating ability of FmHA's borrowers to meet their debt repayments, and for concentration of problems in particular programs and locations.

Life Insurance Companies

The delinquency rates—delinquent loans as a percentage of all loans in the category—as reported by the American Council of Life Insurance were lower for life insurance company farm mortgage loans than for their nonfarm counterparts throughout the 1970's. The farm delinquency rate first exceeded the nonfarm rate in June 1981 and has done so continuously since June 1982, with a peak rate of 3.88 percent in June 1984, compared with a nonfarm rate of 1.17 percent. The farm mortgage delinquency rate, in dollar terms, soared to a record 10.38 percent by June 1984. By comparison, the nonfarm mortgage delinquency rate edged up slightly to 0.93.

Many farm properties have been acquired by life insurance companies through foreclosure or borrower default. The industry is selling some, renting some, and directly managing others. Companies are making efforts to work with farm borrowers who have the equity and potential cash flow to meet debt requirements. Loans are being considered case by case on their individual merits.

Life insurance mortgage loan funds continue to be available, but are often unattractive to qualified potential borrowers under current interest rates and present farm economic conditions. In some companies, competition from alternative investment opportunities is keen; some have a limited supply of farm funds for existing customers only. The outlook is not optimistic. Improvement is not expected without lower interest rates, improved export markets, or lower crop production.



Total Farm Debt by Lender, January 1, 1985[1]

Lender	Type of debt: Real estate	Nonreal estate	Total
	Million dollars		
Commercial banks	10,179	40,551	50,730
Farm Credit System	48,444	19,006	67,450
Federal land banks	48,444	–	48,444
Production credit associations	–	18,129	18,129
Federal intermediate credit banks[2]	–	877	877
Farmers Home Administration	9,956	15,206	25,162
Life insurance companies	12,375	–	12,375
Individuals and others[3]	29,900	18,200	48,100
Commodity Credit Corporation	–	8,312	8,312
Total	110,854	101,275	212,129

– = not applicable [1] Preliminary. [2] Financial institutions other than PCA's that obtain funds from the FICB's. [3] Includes Small Business Administration.

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Input Suppliers

The availability of credit is important for purchasing agricultural inputs. Based on 1979 data, about 45 percent of new and used farm machinery expenditures are financed, while 25 percent of all fertilizer sales are purchased on credit.[1] From 11 to 16 percent of other operating expenses such as labor or fuel are typically financed.

In addition, sizable amounts of working capital, with no specific use, are often borrowed during the growing season. A credit restraint on many producers has the potential for reducing input sales, particularly for farm machinery.

Local banks or PCA's are traditional sources of operating credit, but input suppliers often become farm lenders, although the exact amount of debt is unknown. Farm machinery manufacturers, through their local dealerships, frequently finance machinery purchases.

Several seed corn companies have a policy of postponing payment for seed until June 1 of the current growing season. Other dealers may extend credit past the customary 30 days after delivery. With the tightening of credit standards, it is likely that input suppliers and manufacturers who offer credit will have to demonstrate to their creditors that they are making sound loans.

Under the current financial circumstances in the farm sector, many agricultural input suppliers face difficult business decisions: they must weigh their desire for input sales and reduced inventory buildup against the possibility of a customer's default. Some farmers in financial stress, unable to secure financing through traditional lenders, may gravitate toward input suppliers as their last source of capital. Unfortunately for input suppliers, unsecured loans are the last to be repaid in a bankruptcy situation, and if left unpaid can leave the supplier (or perhaps manufacturer or local lender) in a vulnerable position.

During the upcoming planting season, most input suppliers will not willingly become lenders through increased accounts receivable. More and more frequently, dealers are using credit checks on farmers before approving large purchases. Contrary to past practice, some input suppliers may even ask for some assurance of collateral before delivery. However, major farm machinery and equipment manufacturers continue to offer credit to qualified buyers.

[1]Excludes debts owed for 30 days or less.

What are the implications for the agricultural inputs industry, should significant numbers of producers be unable to secure credit this spring? Producers may reduce the intensity of input use, i.e., lower fertilizer application rates, reduce seeding rates, or use less pesticides. Farm machinery expenditures for these producers will be limited, while outlays for machinery maintenance and repairs will rise.

Some producers may reduce the amount of land they lease, may lease out their own land, or even sell part of their land or machinery to reduce their debt load and improve cash flow. However, there appears to be little basis to expect that highly productive land will be idled. Credit pressures may encourage more producers to participate in Government programs, which currently require an acreage set aside, or shift production to a crop that can be produced at a lower overall cost.

Producers with no financial stress are likely to either lease from or buy out farmers who are no longer able to secure adequate financing for spring planting. If this occurs, aggregate input use should remain essentially unchanged. From the viewpoint of the agricultural input industry, a reduction in input use per acre will have some effect, but the number of acres planted will be more important than the number of farms under financial stress. [*Jerome M. Stam (202) 447-7340 and Stan G. Daberkow (202) 447-8151*]

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Statistical Indicators

Summary Data

Key statistical indicators of the food and fiber sector

	1983	1984					1985		
	Annual	I	II	III	IV	Annual F	I F	II F	Annual F
Prices received by farmers (1977=100)	134	146	145	142	137	142	138	138	138
Livestock and products	141	154	146	143	142	146	145	146	146
Crops	127	138	143	141	131	139	130	128	128
Prices paid by farmers, (1977=100)									
Prod. items	153	156	157	155	153	155	154	156	156
Commodities and services, int., taxes, and wages	160	164	165	164	164	165	165	167	166
Cash receipts[1] ($ bil.)*	139	134	139	149	144	139-143	138-142	142-146	140-145
Livestock ($ bil.)	69	73	70	71	72	70-74	70-74	69-73	70-74
Crops ($ bil.)	70	61	69	78	72	68-72	67-71	71-75	69-73
Market basket (1967=100)									
Retail cost	269	279	278	280	279	279	286	285	287
Farm value	240	257	252	256	249	254	252	247	250
Spread	286	292	293	294	294	293	306	308	309
Farm value/retail cost (%)	33	34	34	34	34	34	33	32	32
Retail prices (1967=100)									
Food	292	301	302	304	304	303	310	311	313
At home	282	292	292	293	292	292	299	299	300
Away-from home	320	329	332	335	338	333	341	346	348
Agricultural exports ($ bil.)[2]	34.8	10.7	8.9	8.2	10.0	38.0	10.2	8.9	34.5
Agricultural imports ($ bil.)[2]	16.4	5.0	4.7	5.0	4.7	18.9	4.5	4.4	19.5
Livestock and products									
Total livestock and products (1974=100)	115.1	112.3	116.5	114.8	116.1	114.9	113.5	116.8	115.4
Beef (mil. lb.)	23,060	5,708	5,819	5,949	5,933	23,409	5,740	5,525	22,740
Pork (mil. lb.)	15,117	3,737	3,670	3,354	3,957	14,718	3,675	3,550	14,250
Veal (mil. lb.)	428	115	113	122	127	478	115	90	400
Lamb and mutton (mil. lb.)	367	98	92	88	93	371	88	82	330
Red meats (mil. lb.)	38,972	9,658	9,694	9,513	10,110	38,976	9,618	9,247	37,720
Broilers (mil. lb.)	12,389	3,082	3,350	3,339	3,227	12,999	3,300	3,575	13,850
Turkeys (mil. lb.)	2,563	432	589	778	775	2,574	480	625	2,735
Total meats and poultry (mil. lb.)	53,924	13,172	13,633	13,630	14,112	54,549	13,398	13,447	54,305
Eggs (mil. dz.)	5,659	1,400	1,408	1,427	1,469	5,705	1,460	1,450	5,830
Milk (bil. lb.)	140.0	34.0	35.6	33.5	32.4	135.4	33.6	36.5	137.8
Choice steers, Omaha ($/cwt.)	62.37	67.58	66.01	64.28	63.49	65.34	64-65	66-70	64-70
Barrows and gilts, 7 markets ($/cwt.)	47.71	47.68	48.91	51.21	47.65	48.86	48-49	47-51	47-53
Broilers-wholesale, 12-city weighted avg. dressed (cts./lb.)	—	61.8	56.4	54.1	49.9	55.6	51-53	51-55	49-55
Turkeys-wholesale, N.E., 8-16 lb. hens, dressed (cts./lb.)	60.5	67.7	66.9	72.4	90.5	74.4	67-69	63-67	64-70
Eggs, N.Y. Gr. A large, (cts./dz.)	75.2	103.4	83.4	70.1	66.7	80.9	58-62	58-62	62-68
Milk, all at farm ($/cwt.)	13.57	13.40	12.97	13.20	14.13	13.42	13.70-13.90	12.70-13.10	12.90-13.20
Crop prices at the farm[3]									
Wheat ($/bu.)	3.53	3.46	3.58	3.38	3.42	3.35-3.40	—	—	—
Corn ($/bu.)	3.25	3.16	3.34	3.11	2.59	—	—	—	—
Soybeans ($/bu.)	7.75	7.60	7.98	6.51	5.97	5.55-6.25	—	—	—
Upland cotton (cts./lb.)	59.1	65.9	69.3	66.0	60.7	—	—	—	—

[1] Quarterly cash receipts are seasonally adjusted at annual rates. [2] Annual data are based on Oct.-Sept. fiscal years ending with the indicated year. [3] Quarterly prices are simple averages; annual prices are for marketing year beginning in year indicated. F = Forecast. Numbers may not add to totals due to rounding. *Seasonally adjusted at annual rates.

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Farm Income

Farm income statistics

	1976	1976	1977	1978	1979	1980	1981	1982	1983	1984 F	1985 F
						$ Bil.					
Receipts											
Cash receipts:											
Crops[1]	45.8	49.0	48.6	53.7	63.2	72.7	73.3	74.6	69.5	68 to 72	69 to 73
Livestock	43.1	46.3	47.6	59.2	68.6	67.8	69.2	70.1	69.2	70 to 74	70 to 74
Total	88.9	95.4	96.2	112.9	131.8	140.5	142.6	144.8	138.7	139 to 143	140 to 145
Other cash income[2]	1.8	1.8	3.0	4.3	2.9	2.8	3.8	5.5	10.8	9 to 11	6 to 10
Gross cash income	90.7	97.1	99.2	117.2	134.7	143.3	146.4	150.2	149.6	149 to 153	148 to 153
Nonmoney income[3]	6.5	7.3	8.4	9.2	10.7	12.4	13.6	14.2	13.6	12 to 14	12 to 14
Realized gross income	97.2	104.4	107.6	126.4	145.4	155.7	160.0	164.4	163.2	162 to 166	161 to 166
Value of inventory chg	3.4	-1.5	1.1	.6	4.9	-5.5	7.9	-2.6	-11.7	5 to 9	-3 to 1
Total gross income	100.6	102.9	108.7	127.2	150.4	150.2	167.9	161.8	151.4	169 to 173	160 to 165
Expenses											
Cash expenses[4]	61.7	67.8	72.0	81.0	97.2	105.8	111.4	113.4	109.5	114 to 116	113 to 117
Total expenses	75.0	82.7	88.9	99.5	118.1	126.9	136.9	139.5	135.3	139 to 141	138 to 142
Income											
Net cash income	29.0	29.3	27.3	36.2	37.5	37.7	35.0	36.8	40.1	34 to 38	33 to 37
Total net farm income	25.6	20.1	19.8	27.7	32.3	21.2	31.0	22.3	16.1	29 to 33	20 to 25
Deflated total net farm income[5]	20.3	15.2	14.2	18.4	19.8	11.9	15.8	10.8	7.5	13 to 15	9 to 11
Off-farm income	23.9	26.7	26.1	29.7	35.3	37.6	39.8	39.4	41.0	41 to 45	43 to 47

F = Forecast. [1] Includes net CCC loans. [2] Income from machine hire and custom work, farm recreational income, and direct government payments. [3] Imputed gross rental value of farm dwellings and value of home consumption. [4] Excludes depreciation of farm capital, perquisites to hired labor, and expenses associated with farm dwellings, and includes net rent to all landlords. [5] Deflated by the GNP implicit price deflator, 1972=100. Totals may not add due to rounding.

Transportation Data

Rail rates; grain and fruit-vegetable shipments

	Annual			1984						1985
	1982	1983	1984	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Rail freight rate index[1]										
All products (1969=100)	351.4	355.8	372.2	370.7	372.4	372.5	374.4p	374.4p	374.8p	374.8p
Farm products (1969=100)	337.2	342.9	359.7	357.7	359.0	359.6	364.2p	364.2p	364.2p	364.2p
Grain (Dec. 1978=100)	159.5	160.2	168.2	167.2	167.9	167.9	170.6p	170.6p	170.6p	170.6p
Food products (1969=100)	353.2	356.6	373.1	371.9	373.2	373.2	375.1p	374.7p	376.1p	376.1p
Rail carloadings of grain (thou. cars)[2]	24.9	26.1	27.3	31.1	28.7	30.2	24.5	28.2	26.4	24.9
Barge shipments of grain (mil. bu.)[3]	41.2	40.8	37.2	26.2	31.8	41.4	49.4	56.6	36.2	32.9
Fresh fruit and vegetable shipments										
Piggy back (thousand cwt.)[3,4]	387	545	568	516	520	459	319	454	511	480
Rail (thou. cwt.)[3,4]	698	786	641	957	266	362	398	458	635	570
Truck (thou. cwt.)[3,4]	7,849	7,786	7,861	6,847	7,923	6,607	6,699	7,556	7,962	6,918

[1] Department of Labor, Bureau of Labor Statistics, revised April 1982. [2] Weekly average; from Association of American Railroads. [3] Weekly average; from Agricultural Marketing Service, USDA. [4] Preliminary data for 1985. p = preliminary.

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Indexes of prices received and paid by farmers, U.S. average

	Annual			1984					1985	
	1982	1983	1984	Feb	Sept	Oct	Nov	Dec	Jan	Feb p
	1977=100									
Prices Received										
All farm products	133	134	142	144	139	138	137	135	135	135
All crops	121	127	139	137	136	138	130	125	126	124
Food grains	146	148	143	142	142	142	143	140	140	139
Feed grains and hay	120	143	146	149	137	130	126	128	130	130
Feed grains	120	146	148	151	140	130	126	127	130	129
Cotton	92	104	108	107	107	107	102	92	86	79
Tobacco	154	147	156	150	168	185	168	166	162	147
Oil-bearing crops	88	102	109	114	95	93	93	90	90	88
Fruit	175	123	199	137	245	289	246	201	197	193
Fresh market[1]	186	123	216	141	272	324	272	217	212	207
Commercial vegetables	127	131	134	167	128	138	106	115	128	127
Fresh market	120	129	133	178	126	140	96	108	126	125
Potatoes[2]	125	123	157	156	119	113	116	126	132	133
Livestock and products	145	141	146	151	141	139	143	145	145	146
Meat animals	155	147	151	154	146	142	146	151	152	156
Dairy products	140	140	138	138	140	144	147	144	144	142
Poultry and eggs	110	118	135	160	123	117	127	121	117	113
Prices paid										
Commodities and services, interest, taxes, and wage rates	157	160	164	164	164	164	164	164	164	164
Production items	150	153	155	156	154	153	153	153	154	154
Feed	122	134	135	142	129	125	123	122	123	122
Feeder livestock	164	160	154	161	149	150	154	154	163	165
Seed	141	141	151	142	156	156	156	156	156	156
Fertilizer	144	137	143	136	147	141	141	139	139	139
Agricultural chemicals	119	125	128	126	129	129	129	129	129	129
Fuels & energy	210	202	202	203	200	201	200	198	195	192
Farm & motor supplies	152	152	148	148	147	148	148	147	147	147
Autos & trucks	159	170	182	178	183	183	189	189	189	189
Tractors & self-propelled machinery	165	174	181	177	182	182	182	182	182	182
Other machinery	160	171	180	174	183	183	183	183	183	183
Building & fencing	135	138	138	138	137	137	137	137	137	136
Farm services & cash rent	145	147	151	151	151	151	151	151	152	152
Interest payable per acre on farm real estate debt	241	251	251	251	256	256	256	251	250	250
Taxes payable per acre on farm real estate	131	137	132	132	145	145	145	132	135	135
Wage rates (seasonally adjusted)	143	148	150	150	150	150	150	150	150	150
Production items, interest, taxes, and wage rates	155	159	161	162	160	159	159	159	160	160
Prices received (1910-14=100)	609	613	649	659	634	632	625	618	619	617
Prices paid, etc. (Parity Index) (1910-14=100)	1,076	1,105	1,130	1,127	1,132	1,129	1,131	1,125	1,130	1,131
Parity ratio[3]	57	56	57	58	56	56	55	55	55	55

[1] Fresh market for noncitrus and fresh market and processing for citrus. [2] Includes sweetpotatoes and dry edible beans. [3] Ratio of Index of prices received to Index of prices paid, taxes, and wage rates. (1910-14=100). p = preliminary.

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Prices received by farmers, U.S. average

	Annual*			1984					1985	
	1982	1983	1984	Feb	Sept	Oct	Nov	Dec	Jan	Feb p
Crops										
All wheat ($/bu.)	3.52	3.58	3.46	3.40	3.43	3.43	3.46	3.38	3.38	3.37
Rice, rough ($/cwt.)	8.36	8.31	8.32	8.85	6.17	8.08	8.13	8.08	8.09	7.91
Corn ($/bu.)	2.37	2.99	3.05	3.11	2.90	2.65	2.55	2.56	2.64	2.62
Sorghum ($/cwt.)	4.00	4.89	4.61	4.74	4.24	4.06	4.08	4.16	4.16	4.20
All hay, baled ($/ton)	69.20	73.70	76.30	78.70	71.90	71.90	73.00	76.00	74.00	75.40
Soybeans ($/bu.)	5.78	6.73	7.02	7.28	6.09	6.08	6.02	5.82	5.90	5.74
Cotton, Upland (cts./lb.)	55.5	62.9	65.5	60.5	64.6	64.6	61.8	55.8	52.1	47.9
Potatoes ($/cwt.)	5.10	4.97	6.45	6.29	4.78	4.19	4.61	4.91	5.22	5.22
Dry edible beans ($/cwt.)	16.80	18.20	20.40	21.30	19.00	19.90	19.20	18.60	18.10	18.30
Apples for fresh use (cts./lb.)	15.3	13.2	17.0	15.2	20.7	18.4	17.3	17.8	14.7	14.5
Pears for fresh use ($/ton)	300	280	218	197	271	300	364	333	329	376
Oranges, all uses ($/box)[1]	6.51	3.36	9.01	4.62	11.95	15.01	11.54	8.28	8.37	8.01
Grapefruit, all uses ($/box)[1]	2.06	1.99	3.05	1.95	2.30	5.26	4.16	4.19	3.86	3.48
Livestock										
Beef cattle ($/cwt.)	57.00	55.80	57.60	59.70	55.70	54.10	54.90	57.00	57.30	58.70
Calves ($/cwt.)	60.20	62.10	60.10	63.90	56.60	58.20	59.40	59.50	64.10	66.20
Hogs ($/cwt.)	54.00	46.20	47.60	45.40	46.30	43.60	47.00	48.60	48.00	49.60
Lambs ($/cwt.)	54.60	55.50	60.30	59.20	61.80	62.40	63.30	61.90	63.40	64.70
All milk, sold to plants ($/cwt.)	13.60	13.60	13.40	13.40	13.60	14.00	14.30	14.00	14.00	13.80
Milk, manuf. grade ($/cwt.)	12.70	12.60	12.50	12.40	12.70	13.00	13.20	13.00	12.90	12.60
Broilers (cts./lb.)	26.8	29.2	33.4	37.4	32.1	29.5	30.8	28.5	30.9	30.5
Eggs (cts./doz.)[2]	58.5	63.0	70.1	92.9	58.4	55.3	61.3	58.4	51.7	52.8
Turkeys (cts./lb.)	37.5	36.5	46.9	41.3	46.6	51.1	57.3	60.5	51.9	41.6
Wool (cts./lb.)[3]	68.0	61.5	78.5	63.7	76.1	81.3	81.7	72.0	68.2	65.3

[1] Equivalent on-tree returns. [2] Average of all eggs sold by producers including hatching eggs and eggs sold at retail. [3] Average local market price, excluding incentive payments. *Calendar year averages. p = preliminary.

Producer and Consumer Prices

Consumer Price Index for all urban consumers, U.S. average (not seasonally adjusted)

	Annual	1984							1985
	1984	Jan	June	July	Aug	Sept	Oct	Nov	Dec	Jan
	1967=100									
Consumer price index, all items	311.1	305.2	310.7	311.7	313.0	314.5	315.3	315.3	315.5	316.1
Consumer price index, less food	311.3	304.8	311.0	312.0	313.2	315.2	316.1	316.2	316.2	316.3
All food	302.9	299.4	302.0	303.2	304.8	304.2	304.4	304.1	305.1	307.3
Food away from home	333.4	327.2	333.1	334.4	335.5	335.8	336.5	337.7	339.2	339.9
Food at home	292.6	290.2	291.4	292.5	294.4	293.4	293.4	292.4	293.2	296.1
Meats[1]	268.1	266.4	266.8	267.3	269.9	268.0	267.1	266.1	269.6	270.8
Beef and veal	275.6	274.9	274.2	272.1	274.3	271.9	271.3	271.9	276.2	276.4
Pork	252.5	250.8	250.5	255.5	259.9	257.5	255.0	251.2	254.6	258.5
Poultry	218.5	217.5	219.6	221.3	216.5	217.2	214.0	213.1	213.8	217.4
Fish	386.8	383.4	382.3	387.0	387.0	390.6	390.6	389.2	392.2	406.1
Eggs	209.0	266.5	185.8	182.7	179.3	178.6	177.6	175.6	185.7	161.3
Dairy products[2]	253.2	250.8	251.7	252.2	252.7	254.9	256.1	257.2	258.4	258.8
Fats and oils[3]	288.0	279.7	285.4	291.4	295.4	295.1	294.9	293.0	293.7	295.9
Fruits and vegetables	317.4	311.0	318.1	320.0	327.7	319.7	318.4	314.8	309.7	320.8
Fresh	330.3	327.8	329.7	332.4	345.7	332.5	329.3	323.4	312.6	332.7
Processed	306.1	295.1	308.0	309.2	310.7	308.4	309.2	308.0	309.3	310.6
Cereals and bakery products	305.3	299.8	304.9	306.6	307.8	307.9	308.7	309.0	310.7	312.4
Sugar and sweets	389.1	380.0	391.2	391.8	392.6	393.7	393.3	390.9	391.7	394.5
Beverages, nonalcoholic	443.0	439.1	442.3	442.7	441.5	444.0	446.8	445.5	443.4	449.4
Apparel commodities less footwear	183.2	179.8	179.8	178.9	183.1	187.8	189.2	188.3	185.9	181.9
Footwear	209.5	206.7	209.6	208.0	207.7	211.1	212.9	212.9	211.4	208.6
Tobacco products	310.0	304.3	308.1	313.2	313.9	314.1	314.6	314.7	314.6	321.0
Beverages, alcoholic	222.1	219.0	222.4	222.5	222.9	223.1	224.2	223.8	223.9	224.3

[1] Beef, veal, lamb, pork, and processed meat. [2] Includes butter. [3] Excludes butter.

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Producer price indexes, U.S. average (not seasonally adjusted)

	Annual			1984						1985
	1981	1982	1983	Jan	Aug	Sept	Oct	Nov	Dec	Jan
	1967=100									
Finished goods[1]	269.8	280.6	285.2	289.5	291.3	289.5	291.6	292.3	292.4	292.7
Consumer foods	253.6	259.3	261.8	272.2	274.0	273.0	271.8	272.3	274.4	274.2
Fresh fruit	228.9	236.9	251.2	234.4	268.0	301.5	272.5	261.0	269.7	255.5
Fresh and dried vegetables	278.0	246.5	248.9	316.4	294.6	259.8	242.7	223.9	217.9	242.3
Eggs	187.1	178.7	n.a.	282.4	181.2	177.6	179.9	176.0	187.5	141.9
Bakery products	268.2	275.4	285.7	293.8	301.3	302.1	302.9	303.2	305.0	307.3
Meats	239.0	250.6	236.7	240.0	239.1	235.8	224.9	230.4	236.3	236.7
Beef and veal	246.8	245.0	236.7	241.9	231.0	229.2	220.1	230.1	234.6	233.9
Pork	218.1	251.1	227.6	226.5	240.9	232.0	216.4	218.5	229.8	230.9
Poultry	193.3	178.7	185.0	214.9	194.3	202.1	196.8	203.9	200.1	198.8
Fish	377.8	422.4	448.2	451.4	463.0	453.6	515.4	515.9	539.2	541.2
Dairy products	245.6	248.9	250.6	248.4	251.0	255.2	256.7	257.4	255.9	255.4
Processed fruits and vegetables	261.2	274.5	277.4	287.7	296.4	292.0	295.5	291.7	292.6	296.7
Shortening and cooking oils	238.0	234.4	256.1	291.1	317.9	312.7	316.2	321.5	308.8	301.0
Consumer finished goods less foods	276.5	287.8	291.4	292.5	294.4	291.7	294.8	295.7	294.9	294.8
Beverages, alcoholic	189.5	197.8	205.0	207.6	210.1	210.4	210.5	210.5	209.6	210.1
Soft drinks	305.1	319.1	327.4	333.5	342.5	342.9	348.2	344.8	345.6	345.0
Apparel	186.0	194.4	197.4	200.1	201.8	202.2	200.5	201.6	201.8	202.6
Footwear	240.9	245.0	250.1	250.9	250.9	252.1	252.2	249.1	249.6	252.4
Tobacco products	268.3	323.2	365.4	389.4	407.6	406.7	406.8	407.1	406.9	423.8
Intermediate materials[2]	306.0	310.4	312.3	316.3	321.1	320.3	319.9	320.5	319.8	319.6
Materials for food manufacturing	260.4	255.1	258.4	268.6	272.4	270.0	267.2	269.2	268.4	264.9
Flour	191.9	183.4	186.4	182.5	183.4	182.8	184.9	184.9	183.3	185.6
Refined sugar[3]	171.8	161.3	172.0	174.7	174.3	172.8	172.0	171.6	170.6	168.2
Crude vegetable oils	185.4	160.1	193.8	240.2	267.9	248.8	256.9	271.8	252.0	223.9
Crude materials[4]	329.0	319.5	323.6	333.5	328.9	326.2	320.0	323.7	323.1	319.4
Foodstuffs and feedstuffs	257.4	247.8	252.2	264.0	256.5	252.7	245.5	253.4	253.7	251.3
Fruits and vegetables[5]	267.3	253.7	262.1	291.2	293.3	289.7	266.8	251.0	251.7	258.6
Grains	248.4	210.9	240.4	245.5	236.9	231.4	219.0	219.7	212.5	217.5
Livestock	248.0	257.8	243.1	250.7	253.7	244.9	233.9	247.7	252.3	247.4
Poultry, live	201.2	191.9	206.5	252.6	218.6	239.7	219.2	247.1	231.7	232.7
Fibers, plant and animal	242.0	202.9	227.0	229.3	211.3	210.3	202.8	201.4	203.0	204.5
Milk	287.4	282.5	282.0	279.1	276.8	282.1	286.7	287.6	287.5	284.6
Oilseeds	277.6	214.5	245.3	273.1	245.7	228.3	217.2	222.6	216.2	214.9
Coffee, green	330.1	311.5	300.1	301.3	310.2	310.2	310.2	310.2	310.2	310.2
Tobacco, leaf	246.9	269.9	274.2	265.6	275.0	295.6	290.1	n.a.	290.9	284.5
Sugar, raw cane	272.7	278.5	315.9	309.4	310.8	312.6	309.6	306.2	304.5	297.7
All commodities	293.4	299.3	303.1	308.0	310.7	309.3	309.4	310.4	309.9	309.8
Industrial commodities	304.1	312.3	315.7	319.1	323.3	322.2	323.2	323.8	323.0	323.2
All foods[6]	251.8	254.4	257.5	268.3	270.1	268.9	267.2	267.9	269.5	268.5
Farm products and processed foods and feeds	251.5	248.9	253.9	264.4	261.4	259.4	255.8	258.4	259.2	258.0
Farm products	254.9	242.4	248.2	263.4	253.3	249.8	240.1	245.5	245.7	243.2
Processed foods and feeds	248.7	251.5	255.9	263.8	264.8	263.6	263.3	264.4	265.5	265.1
Cereal and bakery products	255.5	253.8	261.0	266.6	271.7	271.9	272.7	272.6	273.7	276.1
Sugar and confectionery	275.9	269.7	292.8	299.9	303.7	302.4	300.2	297.1	296.3	293.1
Beverages	248.0	256.9	263.6	268.7	274.6	274.6	276.8	276.2	275.9	276.2

[1] Commodities ready for sale to ultimate consumer. [2] Commodities requiring further processing to become finished goods. [3] All types and sizes of refined sugar. [4] Products entering market for the first time which have not been manufactured at that point. [5] Fresh and dried. [6] Includes all raw, intermediate, and processed foods (excludes soft drinks, alcoholic beverages, and manufactured animal feeds). n.a. = not available.

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Market basket of farm foods

	Annual			1984						1985
	1982	1983	1984 p	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Market basket[1]										
Retail cost (1967=100)	266.4	268.7	279.3	277.2	281.4	280.0	279.7	278.8	279.9	282.1
Farm value (1967=100)	247.8	242.3	255.7	262.0	256.8	250.6	245.7	248.1	252.7	245.3
Farm-retail spread (1967=100)	277.4	284.3	293.1	286.2	295.8	297.2	299.7	296.9	295.9	303.7
Farm value/retail cost (%)	34.4	33.4	33.9	35.0	33.8	33.1	32.5	33.0	33.4	32.2
Meat products										
Retail cost (1967=100)	270.3	267.2	268.1	266.4	269.9	268.0	267.1	266.1	269.6	270.8
Farm value(1967=100)	251.3	235.8	241.6	244.3	247.2	237.8	225.6	231.8	245.6	242.9
Farm-retail spread (1967=100)	292.4	304.0	299.0	292.3	296.5	303.3	315.7	306.3	297.7	303.4
Farm value/retail cost (%)	50.2	47.6	48.6	49.5	49.4	47.9	45.6	47.0	49.2	48.4
Dairy products										
Retail cost (1967=100)	247.0	250.0	253.2	250.8	252.7	254.9	256.1	257.2	258.4	258.8
Farm value (1967=100)	261.9	262.1	259.0	259.1	258.3	263.7	264.6	268.2	268.7	263.3
Farm-retail spread (1967=100)	233.9	239.3	248.0	243.5	247.8	247.2	248.6	247.6	249.4	254.8
Farm value/retail cost (%)	49.6	49.0	47.8	48.3	47.8	48.4	48.3	48.8	48.6	47.6
Poultry										
Retail cost (1967=100)	194.9	197.5	218.5	217.5	216.5	217.2	214.0	213.1	213.8	217.4
Farm value (1967=100)	201.9	213.0	251.7	270.6	233.7	244.3	236.3	251.0	244.2	245.1
Farm-retail spread (1967=100)	188.1	182.4	186.4	166.2	199.9	191.0	192.4	175.2	184.4	190.5
Farm value/retail cost (%)	50.7	53.1	56.6	61.2	53.1	55.3	54.3	58.2	56.2	55.5
Eggs										
Retail cost (1967=100)	178.7	187.1	209.0	266.5	179.3	178.6	177.8	175.6	185.7	161.3
Farm value (1967=100)	189.8	206.1	229.6	332.6	184.4	182.6	171.2	194.9	189.2	153.7
Farm-retail spread (1967=100)	162.7	159.5	179.2	170.9	171.9	172.8	187.3	147.7	180.6	172.2
Farm value/retail cost (%)	62.8	65.1	64.9	73.8	60.8	60.4	56.9	65.6	60.2	56.3
Cereal and bakery products										
Retail cost (1967=100)	283.4	292.5	305.3	299.8	307.8	307.9	308.7	309.0	310.7	312.4
Farm value (1967=100)	178.8	186.6	191.9	192.3	187.0	185.6	184.0	186.3	180.8	183.4
Farm-retail spread (1967=100)	305.1	314.0	328.8	322.0	332.8	333.2	334.5	334.4	337.2	339.1
Farm value/retail cost (%)	10.6	11.1	10.8	11.0	10.4	10.3	10.2	10.3	10.1	10.1
Fresh fruits										
Retail cost (1967=100)	323.2	303.6	345.3	301.1	374.0	388.5	377.5	366.5	353.5	361.5
Farm value (1967=100)	288.8	220.6	315.1	283.4	346.9	351.8	399.6	343.5	330.9	291.7
Farm-retail spread (1967=100)	338.7	340.8	358.9	309.1	386.2	405.0	367.6	376.8	363.6	392.8
Farm value/retail cost (%)	27.7	22.5	28.3	29.2	28.7	28.1	32.8	29.0	29.0	25.0
Fresh vegetables										
Retail costs (1967=100)	288.9	299.3	331.8	363.6	338.7	302.3	306.0	304.4	294.8	324.5
Farm value (1967=100)	261.3	267.4	299.3	328.9	367.0	272.8	255.4	215.7	216.8	250.7
Farm-retail spread (1967=100)	301.8	314.3	347.1	379.9	325.4	316.2	329.8	346.1	331.5	359.2
Farm value/retail cost (%)	28.9	28.6	28.9	28.9	34.6	28.8	26.7	22.7	23.5	24.7
Processed fruits and vegetables										
Retail cost (1967=100)	286.0	288.8	306.1	295.1	310.7	308.4	309.2	308.0	309.3	310.6
Farm value (1967=100)	321.1	300.5	343.2	319.2	349.3	349.4	359.1	364.2	364.5	365.3
Farm-retail spread (1967=100)	278.2	286.2	297.8	289.8	302.2	301.3	300.1	295.6	297.1	298.5
Farm value/retail costs (%)	20.4	16.9	20.3	19.6	20.4	20.5	21.1	21.4	21.4	21.3
Fats and oils										
Retail cost (1967=100)	259.9	263.1	288.0	279.7	295.4	295.1	294.9	293.0	293.7	295.7
Farm value (1967=100)	207.8	251.0	324.5	324.9	296.1	285.0	297.6	293.7	294.2	275.6
Farm-retail spread (1967=100)	279.9	267.8	273.9	262.4	295.1	299.0	293.9	291.9	293.5	303.3
Farm value/retail cost (%)	22.2	26.5	31.3	32.2	27.8	26.8	28.0	28.0	27.8	25.9

[1] Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods.

Note: Annual historical data on farm-retail price spreads may be found in Food Consumption, Prices and Expenditure, Statistical Bulletin 713, ERS, USDA.

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Farm-retail price spreads

	Annual			1984						1985
	1982	1983	1984	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Beef, Choice										
Retail price[1] (cts./lb.)	242.5	238.1	239.6	239.3	237.1	235.2	234.9	236.6	240.3	239.7
Net carcass value[2] (cts.)	150.7	145.4	147.8	155.9	144.0	139.3	136.6	146.5	149.5	147.0
Net farm value[3] (cts.)	140.5	136.2	140.0	146.1	137.0	131.6	130.2	139.8	142.5	139.8
Farm-retail spread (cts.)	102.0	101.9	99.6	93.2	100.1	103.6	104.7	96.8	97.8	99.9
Carcass-retail spread[4] (cts.)	91.8	92.7	92.0	83.4	93.1	95.9	98.3	90.1	90.8	92.7
Farm-carcass spread[5] (cts.)	10.2	9.2	7.6	9.8	7.0	7.7	6.4	6.7	7.0	7.2
Farm value/retail price (%)	58	57	58	61	58	56	55	59	59	58
Pork										
Retail price[1] (cts./lb.)	175.4	169.8	162.0	162.2	166.1	163.6	163.9	162.4	163.5	166.0
Wholesale value[2] (cts.)	121.8	108.9	110.1	112.9	115.9	111.7	101.3	106.8	112.7	110.0
Net farm value[3] (cts.)	88.0	76.5	77.4	79.3	82.6	75.0	70.1	76.6	79.6	78.0
Farm-retail spread (cts.)	87.4	93.3	84.6	82.9	83.5	88.6	93.8	85.8	83.9	88.0
Wholesale-retail spread[4] (cts.)	53.6	60.9	51.9	49.3	50.2	51.9	62.6	55.6	50.8	56.0
Farm-wholesale spread[5] (cts.)	33.8	32.4	32.7	33.6	33.3	36.7	31.2	30.2	33.1	32.0
Farm value/retail price (%)	50	45	48	49	50	46	43	47	49	47

[1] Estimated weighted average price of retail cuts from pork and yield grade 3 beef carcasses. Retail prices from BLS. [2] Value of carcass quantity equivalent to 1 lb. of retail cuts; beef adjusted for value of fat and bone byproducts. [3] Market value to producer for quantity of live animal equivalent to 1 lb. retail cuts minus value of byproducts. [4] Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. [5] Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Price indexes of food marketing costs[1]

	Annual			1983		1984			
	1982	1983	1984	III	IV	I	II	III	IV p
					1967=100				
Labor-hourly earnings and benefits	342.7	354.7	368.1	356.6	360.2	365.8	368.1	367.3	371.3
Processing	330.0	340.9	352.0	339.8	343.4	350.7	352.5	350.6	354.1
Wholesaling	334.7	350.6	374.9	360.3	363.6	368.0	374.4	376.9	380.2
Retailing	358.9	370.4	381.3	371.7	375.3	379.9	380.8	379.8	384.6
Packaging and containers	275.2	280.7	307.6	282.2	289.6	301.1	306.3	308.2	314.8
Paperboard boxes and containers	254.9	251.0	281.1	251.3	259.2	269.9	278.0	284.1	292.5
Metal cans	363.6	374.3	397.3	372.5	380.1	394.6	396.2	391.2	407.4
Paper bags and related products	264.4	265.4	280.9	264.6	267.5	273.6	280.0	282.8	287.3
Plastic films and bottles	200.0	226.2	272.1	236.7	251.1	272.1	272.1	272.1	272.1
Glass containers	355.5	352.4	360.8	351.3	350.3	350.9	362.0	365.7	364.6
Metal foil	213.2	214.0	226.9	214.0	218.8	223.7	227.8	230.0	226.1
Transportation services	371.0	374.5	391.7	374.2	375.1	390.5	390.5	391.9	394.1
Advertising	260.1	280.2	300.3	283.5	285.8	294.8	299.5	302.3	304.7
Fuel and power	705.1	705.1	712.5	710.2	707.3	710.9	711.6	718.5	709.0
Electric	406.0	417.9	440.0	427.2	419.9	423.8	437.0	455.7	443.5
Petroleum	1,012.4	895.9	880.1	884.5	902.0	915.7	884.0	863.3	857.5
Natural gas	990.3	1,155.0	1,162.9	1,177.2	1,151.4	1,137.3	1,159.4	1,181.9	1,173.0
Communications, water and sewage	186.7	199.6	215.5	200.6	202.4	212.4	214.1	216.6	219.1
Rent	264.3	260.6	261.6	259.5	260.9	258.6	260.9	262.4	264.4
Maintenance and repair	325.1	338.2	350.3	339.1	344.0	346.3	348.5	352.1	354.5
Business services	277.2	291.9	306.1	292.9	296.6	299.8	304.4	308.4	311.7
Supplies	289.1	286.5	288.5	286.7	287.1	287.4	289.1	289.0	288.3
Property taxes and insurance	309.9	327.5	343.7	329.9	332.7	337.9	343.0	345.2	348.9
Interest, short-term	232.6	174.0	198.8	184.7	179.8	184.9	210.8	218.1	181.1
Total marketing cost index	333.9	342.4	358.1	344.1	347.5	354.6	357.6	358.8	381.5

[1] Indexes measure changes in employee wages and benefits and in prices of supplies and services used in processing, wholesaling, and retailing U.S. farm foods purchased for at-home consumption. p = preliminary.

Note: Annual historical data on food marketing cost indexes may be found in Food Consumption, Prices, and Expenditures, Statistical Bulletin 713, ERS, USDA.

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Poultry and eggs

	Annual			1984						1985
	1982	1983	1984 p	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Broilers										
Federally inspected slaughter, certified (mil. lb.)	12,039	12,389	12,991	1,028.9	1,210.5	1,022.2	1,212.8	1,018.7	995.4	1,103.7
Wholesale price, 9-city, (cts./lb.)[1]	44.0	49.4	55.5	62.1	51.5	53.5	48.8	52.1	51.7	52.8
Price of broiler grower feed ($/ton)	210	223	233	243	225	221	221	220	216	219
Broiler-feed price ratio (lb.)[2]	2.5	2.6	2.9	3.0	2.7	2.9	2.7	2.8	2.6	2.8
Broilers, stocks beginning of period (mil. lb.)	32.6	22.3	21.2	21.2	22.5	20.4	18.2	21.3	19.5	19.7
Average weekly placements of broiler chicks, 19 States (mil.)	80.2	80.4	83.1	79.5	84.4	80.1	78.6	79.0	84.5	85.8
Turkeys										
Federally inspected slaughter, certified (mil. lb.)	2,459	2,563	2,573	138.1	279.1	253.6	320.6	271.7	182.8	155.5
Wholesale price, New York, 8-16 lb. young hens (cts./lb.)	60.8	60.5	74.4	72.2	72.4	76.2	82.6	91.5	97.3	74.0
Price of turkey grower feed ($/ton)	229	247	245	257	238	239	232	225	220	216
Turkey-feed price ratio (lb.)[2]	3.3	2.9	3.8	3.6	3.8	3.9	4.4	5.1	5.5	4.8
Turkeys, stocks beginning of period (mil. lb.)	238.4	203.9	161.8	161.8	278.2	331.0	390.6	415.4	195.6	125.3
Poults placed in U.S. (mil.)	(4)	181.8	190.0	14.0	13.5	8.8	10.7	11.8	12.2	15.5
Eggs										
Farm production (mil.)	69,680	68,169	68,193	5,684	5,762	5,619	5,852	5,742	6,037	5,951
Average number of layers on farms (mil.)	286	276	278	277	276	279	281	284	286	284
Rate of lay (eggs per layer)	243	247	245	20.5	20.9	20.1	20.8	20.2	21.1	20.9
Cartoned price, New York, grade A large (cts./doz.)[3]	70.1	75.2	80.9	115.0	68.8	69.8	62.8	73.4	63.8	61.5
Price of laying feed ($/ton)	190	204	206	219	202	196	194	190	187	189
Egg-feed price ratio (lb.)[2]	6.1	6.1	6.9	8.8	5.8	5.9	5.7	6.5	6.2	5.5
Stocks, first of month										
Shell (thou. cases)	34	34	13	13	29	31	23	37	35	31
Frozen (mil. lb.)	23.7	25.4	11.8	11.8	17.5	16.6	16.7	17.9	16.2	13.4
Replacement chicks hatched (mil.)	444	407	45.6	36.8	35.1	32.6	31.4	30.1	27.0	28.2

[1] 12-city composite weighted average beginning April 25, 1983. [2] Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. [3] Price of cartoned eggs to volume buyers for delivery to retailers. [4] Not reported.

Wool

	Annual			1984						1985
	1982	1983	1984	Jan	Aug	Sept	Oct	Nov	Dec	Jan
U.S. wool price, Boston[1] (cts./lb.)	247	212	229	230	230	230	221	218	214	205
Imported wool price, Boston[2] (cts./lb.)	262	248	241	247	232	228	230	235	230	226
U.S. mill consumption, scoured										
Apparel wool (thou. lb.)	105,857	126,729	130,495	10,649	10,027	11,382	8,651	9,085	9,567	n.a.
Carpet wool (thou. lb.)	9,825	11,400	9,817	808	683	728	968	674	599	n.a.

[1] Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2¾" and up. [2] Wool price delivered at U.S. mills, clean basis. Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents. n.a. = not available.

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Meat animals

	Annual			1984						1985
	1982	1983	1984	Jan.	Aug	Sept	Oct	Nov	Dec	Jan
Cattle on feed (7-States)										
Number on feed (thou. head)[1]	7,201	8,316	8,006	8,006	6,811	6,747	7,442	8,221	8,544	8,617
Placed on feed (thou. head)	20,261	19,727	20,772	1,566	1,680	2,265	2,546	1,945	1,624	1,452
Marketings (thou. head)	18,007	18,680	18,785	1,569	1,683	1,489	1,657	1,501	1,414	1,782
Other disappearance (thou. head)	1,139	1,354	1,376	86	61	81	110	121	137	118
Beef steer-corn price ratio, Omaha (bu.)[2]	26.5	20.6	21.6	21.6	20.7	21.3	22.5	24.6	25.6	24.8
Hog-corn price ratio, Omaha (bu.)[2]	22.9	15.9	16.1	16.0	16.8	16.0	16.4	18.4	19.6	18.8
Market prices ($ per cwt.)										
Slaughter cattle:										
Choice steers, Omaha	64.22	62.37	65.34	67.08	64.36	62.68	60.85	64.29	65.32	64.35
Utility cows, Omaha	39.96	39.35	39.81	33.26	40.86	39.20	38.57	36.86	36.56	39.09
Choice vealers, S. St. Paul	77.70	72.97	63.96	64.94	52.50	52.50	53.37	50.00	50.00	52.00
Feeder cattle:										
Choice, Kansas City, 600-700 lb.	64.82	63.70	65.28	65.06	64.04	63.98	65.06	65.42	66.28	68.42
Slaughter hogs:										
Barrows and gilts, 7-markets	55.44	47.71	48.86	49.91	52.26	47.33	44.50	48.34	50.12	49.06
Feeder pigs:										
S. Mo. 40-50 lb. (per head)	51.14	34.03	39.12	33.61	34.22	34.95	33.23	36.62	35.58	44.85
Slaughter sheep and lambs:										
Lambs, Choice, San Angelo	56.44	57.40	62.18	60.62	58.62	64.75	64.75	65.75	65.25	65.12
Ewes, Good, San Angelo	21.80	16.85	20.90	20.00	17.70	18.31	20.30	21.83	30.17	37.25
Feeder lambs:										
Choice, San Angelo	53.31	54.87	61.02	59.50	57.81	59.56	65.17	71.00	69.00	72.31
Wholesale meat prices, Midwest										
Choice steer beef, 600-700 lb.	101.31	97.83	98.01	105.74	97.61	94.37	92.38	99.08	101.22	99.50
Canner and Cutter cow beef	78.96	78.48	74.70	70.63	75.07	70.75	70.27	67.84	70.31	76.26
Pork loins, 8-14 lb.[3]	111.51	—	96.36	104.36	102.41	97.57	86.07	87.37	95.40	97.69
Pork bellies, 12-14 lb.	76.54	60.58	60.08	65.03	62.17	58.00	52.80	60.49	64.31	67.50
Hams, skinned, 14-17 lb.	91.47	75.60	78.22	70.44	78.22	75.78	79.38	99.75	90.86	72.86
Commercial slaughter (thou. head)[4]										
Cattle	35,843	36,649	37,570	3,107	3,394	3,039	3,476	3,085	2,942	3,278
Steers	17,277	17,486	17,474	1,465	1,531	1,378	1,510	1,351	1,254	1,523
Heifers	10,394	10,758	10,691	818	998	892	1,048	875	895	962
Cows	7,354	7,597	8,617	775	786	701	843	795	734	732
Bulls and stags	618	808	788	49	79	68	75	64	59	61
Calves	3,021	3,076	3,292	277	314	267	308	298	268	288
Sheep and lambs	6,449	6,619	6,758	553	583	547	608	540	530	567
Hogs	82,190	87,584	85,156	7,188	6,844	6,646	8,150	7,600	6,991	7,342
Commercial production (mil. lb.)										
Beef	22,366	23,058	23,410	1,913	2,111	1,903	2,181	1,923	1,829	2,066
Veal	423	429	477	39	44	39	45	43	39	43
Lamb and mutton	356	368	372	31	31	29	33	30	30	32
Pork	14,121	15,120	14,718	1,234	1,175	1,139	1,411	1,327	1,219	1,281

	Annual			1983		1984				1985
	1982	1983	1984	III	IV	I	II	III	IV	I
Cattle on feed (13-States)										
Number on feed (thou. head)[1]	9,028	10,271	9,908	9,070	8,465	9,908	9,340	8,700	9,000	10,635
Placed on feed (thou. head)	24,414	23,776	24,884	5,583	7,272	5,511	5,562	6,252	7,559	—
Marketings (thou. head)	21,799	22,548	22,525	5,891	5,436	5,714	5,620	5,684	5,507	[5]6,066
Other disappearance (thou. head)	1,373	1,591	1,632	297	393	365	582	268	417	—
Hogs and pigs (10-States)[4]										
Inventory (thou. head)[1]	42,890	44,150	42,420	45,645	46,030	44,150	40,070	41,915	43,180	42,420
Breeding (thou. head)[1]	5,708	5,638	5,348	6,263	5,839	5,638	5,446	5,771	5,550	5,348
Market (thou. head)[1]	37,182	38,512	37,072	39,382	40,191	38,512	34,624	36,144	37,630	37,072
Farrowings (thou. head)	9,062	9,735	9,020	2,422	2,377	1,964	2,481	2,259	2,316	[5]1,940
Pig crop (thou. head)	66,797	72,733	67,680	17,836	17,663	14,288	18,814	17,158	17,420	—

[1] Beginning of period. [2] Bushels of corn equal in value to 100 pounds liveweight. [3] Beginning January 1984 prices are for 14-17 lbs. [4] Quarters are Dec. preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), and Sept.-Nov. (IV). [5] Intentions. [6] Classes estimated.

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Dairy

	Annual			1984						1985
	1982	1983	1984	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Milk prices, Minnesota-Wisconsin,										
3.5% fat ($/cwt.)[1]	12.49	12.49	12.29	12.05	12.30	12.64	12.64	12.72	12.52	12.40
Price of 16% dairy ration ($/ton)	177	188	191	205	188	184	179	177	176	177
Milk-feed price ratio (lb.)[2]	1.54	1.45	1.41	1.33	1.39	1.48	1.56	1.62	1.59	1.58
Wholesale prices										
Butter, Grade A Chi. (cts./lb.)	147.7	147.3	148.8	140.4	150.6	158.1	158.1	158.1	145.6	141.5
Am. cheese, Wis. assembly pt. (cts./lb.)	138.3	138.3	138.0	135.8	138.6	144.3	143.8	139.7	137.5	136.5
Nonfat dry milk, (cts./lb.)[3]	93.2	93.2	90.9	90.7	90.7	90.7	90.7	91.7	91.5	91.0
USDA net removals										
Total milk equiv. (mil. lb.)[4]	14,281.6	16,813.7	8,644.7	1,889.0	266.7	46.5	102.5	70.3	397.2	1,374.8
Butter (mil. lb.)	382.0	413.2	202.6	61.2	2.3	-2.4	-.3	.5	10.5	50.0
Am. cheese (mil. lb.)	642.5	832.8	447.3	62.5	21.8	9.3	10.7	6.0	18.1	34.6
Nonfat dry milk (mil. lb.)	948.1	1,061.0	678.4	76.2	52.3	29.4	36.9	24.1	36.0	58.8
Milk										
Total milk production (mil. lb.)	135,505	139,672	135,444	11,375	11,206	10,777	10,918	10,529	10,967	11,209
Milk per cow (lb.)	12,306	12,585	12,495	1,032	1,037	996	1,009	973	1,014	1,038
Number of milk cows (thou.)	11,011	11,098	10,840	11,026	10,807	10,825	10,821	10,823	10,814	10,801
Stocks, beginning[4]										
Total (mil. lb.)	18,377	20,054	22,646	22,646	22,626	21,805	20,742	19,252	17,993	16,429
Commercial (mil. lb.)	5,398	4,603	5,234	5,234	5,574	5,439	5,168	4,996	4,798	4,937
Government (mil. lb.)	12,980	15,451	17,412	17,412	17,052	16,367	15,573	14,255	13,195	11,492
Imports, total (mil. lb.)[4]	2,477	2,616	2,741	247	229	223	252	267	296	n.a.
Commercial disappearance milk equiv. (mil. lb.)	122,135	122,494	126,214	9,477	10,944	10,781	10,789	10,822	10,433	n.a.
Butter										
Production (mil. lb.)	1,257.0	1,299.2	1,120.1	126.0	70.6	69.1	66.5	81.1	97.3	118.4
Stocks, beginning (mil. lb.)	429.2	466.8	499.4	499.4	489.6	462.7	426.3	374.3	335.9	296.6
Commercial disappearance (mil. lb.)	897.3	881.7	918.9	61.9	71.1	75.9	91.4	85.6	80.1	n.a.
American cheese										
Production (mil. lb.)	2,752.3	2,927.6	2,696.9	231.1	206.6	185.2	196.6	190.9	210.1	223.1
Stocks, beginning (mil. lb.)	889.1	981.4	1,161.5	1,161.5	1,165.7	1,141.4	1,114.1	1,074.3	1,036.2	960.5
Commercial disappearance (mil. lb.)	2,166.8	2,083.2	2,302.3	161.5	192.8	192.1	193.0	189.8	194.4	n.a.
Other cheese										
Production (mil. lb.)	1,789.4	1,890.8	1,991.5	156.3	161.8	164.2	181.0	180.8	182.1	167.5
Stocks, beginning (mil. lb.)	86.6	82.8	104.9	104.9	107.2	102.5	97.0	98.6	98.4	101.4
Commercial disappearance (mil. lb.)	2,044.6	2,133.3	2,276.8	176.1	191.1	192.9	206.0	209.2	211.4	n.a.
Nonfat dry milk										
Production (mil. lb.)	1,400.5	1,499.9	1,186.9	111.9	88.1	71.7	72.2	69.7	85.2	88.4
Stocks, beginning (mil. lb.)	889.7	1,282.0	1,394.9	1,394.9	1,407.2	1,345.1	1,335.1	1,291.6	1,263.9	1,231.7
Commercial disappearance (mil. lb.)	447.7	459.9	523.4	44.4	50.3	48.1	45.3	50.7	26.1	n.a.
Frozen dessert production (mil. gal.)[5]	1,178.2	1,221.3	1,228.3	74.7	124.5	103.4	94.5	83.6	75.0	79.5

[1] Manufacturing grade milk. [2] Pounds of 16% protein ration equal in value to 1 pound of milk. [3] Prices paid f.o.b. Central States production area, high heat spray process. [4] Milk-equivalent, fat-basis. [5] Ice cream, ice milk, and sherbet. n.a. = not available.

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Food grains

	Marketing year[1]			1984						1985
	1981/82	1982/83	1983/84	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Wholesale prices										
Wheat, No. 1 HRW, Kansas City ($/bu.)[3]	4.27	3.94	3.83	3.81	3.80	3.89	3.86	3.85	3.76	3.76
Wheat, DNS, Minneapolis ($/bu.)[3]	4.17	3.94	4.21	4.15	3.72	3.57	3.64	3.64	3.48	3.47
Rice, S.W. La. ($/cwt.)[5]	20.20	18.00	19.38	19.25	19.25	19.25	19.25	18.00	18.00	18.00
Wheat										
Exports (mil. bu.)	1,771	1,509	1,429	123	148	246	141	100	134	109
Mill grind (mil. bu.)	631	656	n.a.	55	59	55	58	56	53	n.a.
Wheat flour production (mil. cwt.)	280	292	308	24	26	24	26	25	23	n.a.

	Marketing year[1]			1983			1984			
	1981/82	1982/83	1983/84	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec
Wheat										
Stocks, beginning (mil. bu.)	989	1,159	1,515	1,862	1,515	2,955	2,326	1,756	1,398	2,740
Domestic use										
Food (mil. bu.)	602	616	635	97	210	161	163	102	212	165
Feed and seed (mil. bu.)[4]	254	318	477	12	316	118	44	31	395	63
Exports (mil. bu.)	1,771	1,509	1,429	228	475	362	364	226	645	374

[1] Beginning June 1 for wheat and August 1 for rice. [3] Ordinary protein. [5] Long-grain, milled basis. [4] Feed use approximated by residual. n.a. = not available.

Feed grains

	Marketing year[1]			1984						1985
	1981/82	1982/83	1983/84	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Wholesale prices										
Corn, No. 2 yellow, St. Louis ($/bu.)	2.61	2.98	3.45	3.41	3.33	3.09	2.84	2.77	2.75	2.86
Sorghum, No. 2 yellow, Kansas City ($/cwt.)	4.29	4.92	5.13	5.09	4.74	4.46	4.25	4.28	4.32	4.48
Barley, feed, Minneapolis ($/bu.)	2.21	1.76	2.48	2.55	2.13	2.05	2.10	2.06	1.88	1.98
Barley, malting, Minneapolis ($/bu.)	3.06	2.53	2.84	2.85	2.48	2.44	2.43	2.45	2.36	2.46
Exports										
Corn (mil. bu.)	1,967	1,870	1,866	173	136	109	155	246	208	209
Feed grains (mil. metric tons)[2]	58.4	54.0	55.8	4.7	4.0	3.8	5.1	7.1	6.2	6.2

	Marketing year[1]			1983			1984			
	1981/82	1982/83	1983/84	Apr-May	June-Sept	Oct-Dec	Jan-Mar	Apr-May	June-Sept	Oct-Dec
Corn										
Stocks, beginning (mil. bu.)	1,034	2,174	3,120	6,198	4,924	3,120	4,913	3,251	2,145	723
Domestic use:										
Feed (mil. bu.)	4,202	4,522	3,736	813	891	1,634	969	580	553	1,728
Food, seed, ind. (mil. bu.)	812	898	973	153	373	220	184	187	383	235
Feed grains[2]										
Stocks, beginning (mil. metric tons)	34.6	68.2	97.3	184.2	146.4	108.0	154.9	104.3	70.6	44.1
Domestic use:										
Feed (mil. metric tons)	128.5	139.5	117.4	24.4	29.6	49.3	29.4	18.1	20.3	54.6
Food, seed, ind. (mil. metric tons)	25.8	27.9	29.8	5.2	11.0	6.6	5.9	6.1	11.2	7.1

[1] Beginning October 1 for corn and sorghum; June 1 for oats and barley. [2] Aggregated data for corn, sorghum, oats, and barley.

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Fats and oils

	Marketing year[1]			1984					1985
	1981/82	1982/83	1983/84	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Soybeans										
Wholesale price, No. 1 yellow, Chicago ($/bu.)[2]	6.24	6.11	7.78	7.53	6.50	6.10	6.21	6.20	5.97	5.95
Crushings (mil. bu.)	1,029.7	1,108.0	983	93.8	71.1	65.6	89.2	98.9	101.1	95.3
Exports (mil. bu.)	929.1	905.2	740.3	80.4	30.6	18.9	40.9	93.4	87.3	72.5
Soybean oil										
Wholesale price, crude, Decatur (cts./lb.)	19.0	20.6	30.55	28.32	29.01	27.97	30.56	31.71	28.44	28.01
Production (mil. lb.)	10,979.4	12,040.4	10,872.0	1,052.5	819.4	755.8	995.4	1,070.2	1,095.5	1,037.1
Domestic disappearance (mil. lb.)	9,536.3	9,857.3	9,598	903.3	865.0	750.1	918.4	872.7	708.8	864.4
Exports (mil. lb.)	2,076.3	2,024.7	1,814	161.3	73.0	156.3	200.3	214.6	189.6	66.7
Stocks, beginning (mil. lb.)	1,736.1	1,102.5	1,261	1,919.2	989.6	871.1	720.5	597.2	580.1	777.1
Soybean meal										
Wholesale price, 44% protein, Decatur ($/ton)	182.52	187.19	188.21	201.9	151.6	144.9	141.6	135.2	136.75	135.2
Production (thou. ton)	24,634.4	28,713.6	22,756.2	2,220.0	1,689.6	1,559.0	2,107.6	2,326.1	2,381.0	2,242.5
Domestic disappearance (thou. ton)	17,714.4	19,306.0	17,541.0	1,447.7	1,523.8	1,380.2	1,870.7	1,801.7	1,694.2	1,747.8
Exports (thou. ton)	6,907.5	7,108.7	5,436.1	687.6	278.8	166.1	256.2	474.7	635.7	515.3
Stocks, beginning (thou. ton)	162.7	175.2	474	391.1	355.5	242.7	255.4	236.1	285.7	336.8
Margarine, wholesale price, Chicago (cts/lb.)	41.4	41.4	46.3	53.25	55.5	55.2	53.50	55.00	55.25	51.50

[1] Beginning September 1 for soybeans; October 1 for soymeal and oil; calendar year for margarine. [2] Beginning April 1, 1982, prices based on 30-day delivery, using upper end of the range.

Cotton

	Marketing year[1]			1984					1985
	1981/82	1982/83	1983/84	Jan	Aug	Sept	Oct	Nov	Dec	Jan
U.S. price, SLM, 1-1/16 in. (cts/lb.)[2]	60.5	63.1	73.1	70.5	63.0	61.2	61.5	60.4	60.5	60.0
Northern Europe prices:										
Index (cts./lb.)[3]	73.8	76.7	87.6	87.6	75.5	73.1	73.63	72.6	72.0	71.4
U.S. M 1-3/32" (cts./lb.)[4]	75.9	78.0	87.1	85.5	75.9	74.0	74.69	73.3	74.0	74.7
U.S. mill consumption (thou. bales)	5,263.8	5,512.8	5,883.5	493.2	434.8	516.7	434.6	394.9	426.8	407.9
Exports (thou. bales)	8,567.3	5,206.8	6,786.0	695.9	478.7	279.8	307.0	507.0	660.0	835.6

[1] Beginning August 1. [2] Average spot market. [3] Liverpool Outlook "A" index; average of five lowest priced of 10 selected growths. [4] Memphis territory growths.

Fruit

	Annual			1984						1985
	1982	1983	1984	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Producer price indexes										
Fresh fruit (1967=100)	235.4	250.6	260.1	232.9	268.0	301.5	272.5	261.0	269.7	255.5
Dried fruit (1967=100)	409.7	409.3	384.4	404.2	357.3	360.5	351.1	353.2	353.2	353.1
Canned fruit and juice (1967=100)	283.7	286.8	312.5	301.0	315.4	311.1	316.8	314.0	315.9	319.9
Frozen fruit and juice (1967=100)	305.5	300.9	350.5	308.2	352.8	358.0	365.7	363.5	361.8	361.5
F.o.b. shipping point prices										
Apples, Yakima Valley ($/ctn.)[1]	n.a.	n.a.	n.a.	10.75	14.50	14.50	13.75	12.80	12.50	12.25
Pears, Yakima Valley ($/box)[2]	n.a.	n.a.	n.a.	9.88	–	12.60	12.65	12.70	12.88	12.83
Oranges, U.S. avg. ($/box)[3]	11.10	14.40	15.40	13.20	23.50	22.36	25.32	19.00	18.41	17.81
Grapefruit, U.S. avg. ($/box)[3]	9.03	9.13	10.00	9.99	10.80	10.68	12.36	11.12	11.34	11.11

	Year ending			1984						1985
	1982	1983	1984	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Stocks, ending										
Fresh apples (mil. lb.)	3,082.3	2,980.1	3,171.5	2,460.5	7.3	1,236.5	4,154.1	3,808.9	3,171.5	2,466.3
Fresh pears (mil. lb.)	180.9	250.6	184.9	211.7	100.0	396.1	303.8	243.5	180.8	134.3
Frozen fruit (mil. lb.)	627.5	644.7	694.5	616.5	715.8	704.8	771.4	734.1	690.5	630.7
Frozen fruit juices (mil. lb.)	1,157.6	924.9	941.9	1,088.2	1,065.9	913.2	873.5	891.6	964.9	1,105.5

[1] Red Delicious, Washington, extra fancy, carton tray pack, 80-113's. [2] D'Anjou, Washington, standard box wrapped, U.S. No. 1, 90-135's. [3] F.O.B. packed fresh. n.a. = not available.

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Vegetables

	Annual			1984						1985
	1982	1983	1984	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Wholesale prices										
Potatoes, white, f.o.b. East ($/cwt.)	6.05	7.76	8.16	9.19	9.37	6.79	5.33	5.44	5.53	5.55
Iceberg lettuce ($/crtn.)[1]	5.92	6.29	5.08	4.03	7.58	6.65	9.50	3.75	5.60	7.75
Tomatoes ($/crtn.)[2]	7.40	8.69	8.52	13.85	10.45	6.38	4.46	4.39	5.25	9.56
Wholesale price index, 10 canned veg. (1977=100)	137	137	145	142	147	146	147	144	144	154
Grower price index, fresh commercial veg. (1977=100)	120	128	132	171	142	126	140	96	108	126

[1] Std. carton 24's f.o.b. shipping point. [2] 5 x 6-6 x 6, f.o.b. Fla-Cal.

Tobacco

	Annual			1984						1985
	1982	1983	1984 p	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Prices at auctions										
Flue-cured (cts./lb.)[1]	178.6	177.9	181.0	–	175.0	188.0	184.5	172.0	–	–
Burley (cts./lb.)[1]	180.3	179.5	187.6	174.2	–	–	–	188.0	187.5	187.5
Domestic consumption[2]										
Cigarettes (bil.)	634.0	600.0	593.0	59.5	62.5	53.5	65.4	57.5	n.a.	n.a.
Large cigars (mil.)	3,659	3,605	3,540	276.2	323.6	303.5	320.1	261.5	n.a.	n.a.

[1] Crop year July-June for flue-cured, October-September for burley. [2] Taxable removals. n.a. = not available.

Sugar

	Annual			1984						1985
	1982	1983	1984	Jan	Aug	Sept	Oct	Nov	Dec	Jan
U.S. raw sugar price, N.Y. (cts./lb.)[1]	19.92	22.04	21.74	21.51	21.72	21.70	21.56	21.40	21.10	20.72
U.S. deliveries (thou. short tons)[2]	9,153	8,812	8,435	n.a.	n.a.	2,231	n.a.	n.a.	2,059	n.a.

[1] Spot price reported by (New York) Coffee, Sugar & Cocoa Exchange, Inc. [2] Raw value. Quarterly data shown at end of quarter in March, June, Sept., & Dec. Excludes Hawaii. n.a. = not available.

Coffee

	Annual			1984						1985
	1982	1983	1984 p	Jan	Aug	Sept	Oct	Nov	Dec p	Jan p
Composite green price, N.Y. (cts./lb.)	132.00	131.51	142.95	143.75	143.66	143.84	137.72	138.26	136.12	137.91
Imports, green bean equivalent (mil.lb.)[1]	2,352	2,260	2,414	221	240	194	218	150	160	200F

	Annual			1983		1984				1985
	1982	1983	1984 p	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec p	Jan-Mar p
Roastings (mil. lb.)[2]	2,293	2,238	2,287	549	650	575	518	557	637	580F

[1] Green and processed coffee. [2] Instant soluble and roasted coffee. F = Forecast. p = preliminary.

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Supply and utilization: domestic measure[1]

	Area										
	Planted	Harvested	Yield	Production	Total supply[2]	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price[3]
	Mil. acres		Bu/acre				Mil. bu				$/bu
Wheat											
1980/81	80.8	71.1	35.5	2,381	3,286	60	723	1,514	2,297	989	3.91
1981/82	88.3	80.6	34.5	2,785	3,777	135	712	1,771	2,618	1,159	3.65
1982/83*	86.2	77.9	35.5	2,765	3,932	195	713	1,509	2,417	1,515	3.55
1983/84*	76.4	61.4	39.4	2,420	3,939	376	735	1,429	2,540	1,399	3.54
1984/85*	79.2	66.9	38.8	2,595	4,001	375	735	1,450	2,560	1,441	3.40-3.55
	Mil. acres		lb/acre				Mil. cwt (rough equiv.)				$/cwt
Rice											
1980/81	3.38	3.31	4,413	146.2	172.1	[r]9.7	54.5	91.4	155.6	18.5	12.80
1981/82	3.83	3.79	4,819	182.7	199.6	[r]9.0	59.6	82.0	150.6	49.0	9.05
1982/83*	3.30	3.26	4,710	153.6	203.4	[r]8.9	54.0	68.9	131.8	71.5	8.11
1983/84*	2.19	2.17	4,598	99.7	171.9	[r]5.6	49.1	70.3	125.0	46.9	8.50
1984/85*	2.80	2.78	4,926	137.0	185.0	[r]5.0	54.0	62.0	121.0	64.0	8.00-8.50
	Mil. acres		Bu/acre				Mil. bu				$/bu
Corn											
1980/81	84.0	73.0	91.0	6,639	8,258	4,133	735	2,355	7,223	1,034	3.11
1981/82	84.1	74.5	108.9	8,119	9,154	4,202	812	1,967	6,980	2,174	2.50
1982/83*	81.9	72.7	113.2	8,235	10,410	4,522	898	1,870	7,290	3,120	2.68
1983/84*	60.2	51.5	81.1	4,175	7,297	3,737	973	1,864	6,574	723	3.25
1984/85*	80.4	71.8	106.8	7,656	8,381	4,200	1,050	1,950	7,200	1,181	2.60-2.70
	Mil. acres		Bu/acre				Mil. bu				$/bu
Sorghum											
1980/81	15.6	12.5	46.3	579	726	301	11	305	617	109	2.94
1981/82	15.9	13.7	64.0	876	984	428	11	249	688	296	2.39
1982/83*	16.0	14.1	59.1	835	1,131	507	10	214	731	400	2.52
1983/84*	11.9	10.0	48.7	488	888	381	10	246	637	251	2.84
1984/85*	17.2	15.3	56.4	866	1,117	500	10	275	785	332	2.30-2.40
	Mil. acres		Bu/acre				Mil. bu				$/bu
Barley											
1980/81	8.3	7.3	49.7	361	563	174	175	77	426	137	2.86
1981/82	9.6	9.0	52.4	474	620	198	174	100	473	148	2.45
1982/83*	9.5	9.0	57.2	516	675	241	170	47	458	217	2.23
1983/84*	10.4	9.7	52.3	509	733	280	169	92	544	189	2.50
1984/85*	11.9	11.2	53.4	597	796	275	175	90	540	256	2.25-2.35
	Mil. acres		Bu/acre				Mil. bu				$/bu
Oats											
1980/81	13.4	8.7	53.0	458	697	432	74	13	520	177	1.79
1981/82	13.6	9.4	54.2	510	688	453	76	7	536	152	1.89
1982/83*	14.0	10.3	57.8	593	749	441	85	3	529	220	1.49
1983/84*	20.3	9.1	52.6	477	727	466	78	2	546	181	1.67
1984/85*	12.4	8.1	58.3	472	688	440	80	1	521	167	1.65-1.75
	Mil. acres		Bu/acre				Mil. bu				$/bu
Soybeans											
1980/81	70.0	67.9	26.4	1,792	2,151	[4]89	1,020	724	1,833	318	7.57
1981/82	67.8	66.4	30.1	2,000	2,318	[4]93	1,030	929	2,052	266	6.04
1982/83*	70.9	69.4	31.5	2,190	2,444	[4]86	1,108	905	2,099	345	5.69
1983/84*	63.8	62.5	26.2	1,636	1,981	[4]82	983	740	1,806	176	7.75
1984/85*	67.7	66.1	28.2	1,861	2,037	[4]87	1,020	710	1,817	220	6.00-7.20
							Mil. lbs				c/lb
Soybean oil											
1980/81	—	—	—	11,270	12,480	—	9,113	1,631	10,744	1,736	22.7
1981/82	—	—	—	10,979	12,715	—	9,535	2,077	11,612	1,103	19.0
1982/83*	—	—	—	12,041	13,144	—	9,858	2,025	11,883	1,261	20.6
1983/84*	—	—	—	10,872	12,133	—	9,598	1,814	11,412	721	30.6
1984/85*	—	—	—	11,394	12,000	—	9,700	1,750	11,470	665	26.0-32.0
							Thou. tons				$/ton
Soybean meal											
1980/81	—	—	—	24,312	24,538	—	17,591	6,784	24,375	163	218
1981/82	—	—	—	24,634	24,797	—	17,714	6,908	24,622	175	183
1982/83*	—	—	—	26,714	26,889	—	19,306	7,109	26,415	474	187
1983/84*	—	—	—	22,758	23,232	—	17,541	5,436	22,977	255	188
1984/85*	—	—	—	24,435	24,690	—	18,950	5,200	24,150	540	145-185

See footnotes at end of table.

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Supply and utilization—domestic measure, continued

	Area										
	Planted	Harvested	Yield	Production	Total supply[1]	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price[2]
	Mil. acres		lb/acre	Mil. bales							c/lb
Cotton											
1980/81	14.5	13.2	404	11.1	14.1	—	5.9	5.9	11.8	[3]2.7	74.4
1981/82	14.3	13.8	542	15.6	18.3	—	5.3	6.6	11.8	[3]6.6	54.0
1982/83*	11.3	9.7	590	12.0	18.6	—	5.5	5.2	10.7	[3]7.9	59.4
1983/84*	7.9	7.3	508	7.8	15.7	—	5.9	6.8	12.7	[3]2.8	66.4
1984/85*	11.1	10.5	610	13.3	16.1	—	5.3	6.5	11.8	[3]4.3	—

Supply and utilization—metric measure[6]

	Mil. hectares		Metric tons/ha	Mil. metric tons							$/metric ton
Wheat											
1980/81	32.7	28.8	2.39	64.8	89.4	1.6	19.7	41.2	62.5	26.9	144
1981/82	35.7	32.6	2.32	75.8	102.8	3.7	19.4	48.2	71.3	31.5	134
1982/83*	34.9	31.5	2.39	75.3	107.0	5.3	19.4	41.1	65.8	41.2	130
1983/84*	30.9	24.8	2.65	65.9	107.2	10.2	20.0	38.9	69.1	38.1	130
1984/85*	32.1	27.1	2.61	70.6	108.8	10.2	20.0	39.5	69.7	39.2	123-125
				Mil. metric tons (rough equiv.)							
Rice											
1980/81	1.4	1.3	4.95	6.6	7.8	[7]0.4	2.5	4.2	7.1	0.7	282
1981/82	1.5	1.5	5.40	8.3	9.0	[7]0.4	2.7	3.7	6.8	2.2	200
1982/83*	1.3	1.3	5.28	7.0	9.2	[7]0.4	2.5	3.1	6.0	3.2	179
1983/84*	0.9	0.9	5.15	4.5	7.8	[7]0.2	2.2	3.2	5.7	2.1	187
1984/85*	1.1	1.1	5.52	6.2	8.4	[7]0.3	2.4	2.8	5.5	2.9	176-187
				Mil. metric tons							
Corn											
1980/81	34.0	29.5	5.72	168.6	209.8	105.0	18.7	59.8	183.5	26.3	[7]122
1981/82	34.0	30.1	6.85	206.2	232.5	106.7	20.6	50.0	177.3	55.2	98
1982/83*	33.1	29.4	7.12	209.2	264.4	114.9	22.8	47.5	185.2	79.3	106
1983/84*	24.4	20.8	5.10	106.0	185.3	94.9	24.7	47.3	167.0	18.4	128
1984/85*	32.5	29.1	6.68	[7]194.5	212.9	106.7	26.6	49.5	182.9	29.9	102-106
Feed Grain											
1980/81	49.1	41.1	4.82	198.0	250.7	123.0	23.8	69.3	216.1	34.6	—
1981/82	49.9	43.1	5.71	246.2	281.1	128.5	25.8	58.6	212.9	68.2	—
1982/83*	49.1	42.9	5.83	250.2	318.7	139.4	26.0	54.0	221.4	97.3	—
1983/84*	41.6	32.5	4.20	136.4	234.4	117.5	29.8	55.6	202.9	31.5	—
1984/85*	49.3	43.1	5.48	236.3	268.6	131.8	31.9	58.5	222.1	46.4	—
Soybeans											
1980/81	28.3	27.5	1.78	48.8	58.5	[4]2.4	27.8	19.7	49.9	8.7	278
1981/82	27.4	26.9	2.03	54.4	63.1	[4]2.5	28.0	25.3	55.8	7.2	222
1982/83*	28.7	28.1	2.15	59.6	66.5	[4]2.4	30.2	24.6	57.1	9.4	209
1983/84*	25.8	25.3	1.23	44.5	53.9	[4]2.2	26.8	20.1	49.1	4.8	285
1984/85*	27.4	26.7	1.14	50.6	55.4	[4]2.4	27.7	19.3	49.5	6.0	210-265
Soybean oil											
1980/81	—	—	—	5.11	5.66	—	4.13	.74	4.87	.79	500
1981/82	—	—	—	4.98	5.77	—	4.33	.94	5.27	.50	419
1982/83*	—	—	—	5.46	5.96	—	4.47	.92	5.39	.57	454
1983/84*	—	—	—	4.93	5.50	—	4.35	.82	5.17	.32	675
1984/85*	—	—	—	5.16	5.44	—	4.39	.79	5.20	.30	550-685
Soybean meal											
1980/81	—	—	—	22.06	22.26	—	15.96	6.15	22.11	.15	241
1981/82	—	—	—	22.36	22.51	—	16.08	6.27	22.35	.16	201
1982/83*	—	—	—	24.24	24.39	—	17.52	6.45	23.96	.43	206
1983/84*	—	—	—	20.65	21.08	—	15.91	4.93	20.84	.23	207
1984/85*	—	—	—	22.17	22.39	—	17.19	4.71	21.90	.49	160-185
											$/kg
Cotton											
1980/81	5.9	5.3	.46	2.42	3.07	—	1.28	1.28	2.56	[5].59	1.64
1981/82	5.8	5.7	.60	3.41	3.99	—	1.15	1.43	2.58	[5]1.44	1.19
1982/83*	4.6	3.9	.66	2.60	4.05	—	1.20	1.13	2.33	[5]1.73	1.31
1983/84*	3.2	3.0	.57	1.69	3.42	—	1.29	1.48	2.77	[5].60	1.46
1984/85*	4.5	4.2	.68	2.89	3.50	—	1.15	1.41	2.57	[5].95	—

*March 11, 1985 Supply and Demand Estimates. [1] Marketing year beginning June 1 for wheat, barley, and oats, August 1 for cotton and rice, September 1 for soybeans, and October 1 for corn, sorghum, soymeal, and soyoil. [2] Includes imports. [3] Season average. [4] Includes seed. [5] Upland and extra long staple. Stock estimates based on Census Bureau data which results in an unaccounted difference between supply and use estimates and changes in ending stocks. [6] Conversion factors. Hectare (ha.) = 2.471 acres, 1 metric ton = 2204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 49.9296 bushels of barley, 69.8944 bushels of oats, 22.046 cwt. of rice, and 4.59 480-pound bales of cotton. [7] Statistical discrepancy.

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Gross national product and related data

	Annual			1983	1984			
	1982	1983	1984 r	IV	I	II	III	IV r
	$ Bil. (Quarterly data seasonally adjusted at annual rates)							
Gross national product[1]	3,069.3	3,304.8	3,664.2	3,431.7	3,553.3	3,644.7	3,694.6	3,764.2
Personal consumption expenditures	1,984.9	2,155.9	2,342.0	2,230.2	2,276.5	2,332.7	2,361.4	2,397.4
Durable goods	245.1	279.8	318.5	299.8	310.9	320.7	317.2	325.3
Nondurable goods	757.5	801.7	856.8	823.0	841.3	858.3	861.4	866.0
Clothing and shoes	118.8	127.0	140.3	132.5	136.1	142.2	139.3	143.7
Food and beverages	392.8	416.5	444.3	425.1	433.9	442.1	448.6	452.6
Services	982.2	1,074.4	1,166.7	1,107.5	1,124.4	1,153.7	1,182.8	1,206.1
Gross private domestic investment	414.9	471.6	637.0	540.0	623.8	627.0	662.8	634.3
Fixed investment	441.0	485.1	579.1	527.3	550.0	576.4	591.0	599.0
Nonresidential	349.6	352.9	425.3	383.9	398.8	420.8	435.7	445.9
Residential	91.4	132.2	153.8	143.4	151.2	155.6	155.3	153.1
Change in business inventories	-26.1	-13.5	57.9	12.7	73.8	50.6	71.8	35.3
Net exports of goods and services	19.0	-8.3	-62.5	-29.8	-51.5	-58.7	-90.6	-49.2
Exports	348.4	336.2	364.8	346.1	358.9	362.4	368.6	369.4
Imports	329.4	344.4	427.3	375.9	410.4	421.1	459.3	418.5
Government purchases of goods and services	650.5	685.6	747.7	691.4	704.4	743.7	761.0	781.7
Federal	258.9	269.7	295.6	266.3	267.6	296.4	302.0	316.3
State and local	391.5	415.8	452.1	425.1	436.8	447.4	458.9	465.4
	1972 $Bil. (Quarterly data seasonally adjusted at annual rates)							
Gross national product	1,480.0	1,534.7	1,639.9	1,572.7	1,610.9	1,638.8	1,645.2	1,664.8
Personal consumption expenditures	963.3	1,009.2	1,062.4	1,032.4	1,044.1	1,064.2	1,065.9	1,075.4
Durable goods	140.5	157.5	177.9	167.2	173.7	178.6	177.0	182.4
Nondurable goods	363.1	376.3	393.5	383.2	387.1	396.6	395.5	395.0
Clothing and shoes	84.2	88.5	96.5	91.4	94.2	99.1	95.9	97.0
Food and beverages	182.3	188.9	193.7	191.2	189.7	193.6	195.6	196.1
Services	459.8	475.4	491.0	482.0	483.4	488.9	493.5	498.1
Gross private domestic investment	194.3	221.0	289.6	249.5	285.5	283.9	300.2	288.8
Fixed investment	204.7	224.6	264.8	242.2	253.9	263.7	269.6	272.0
Nonresidential	166.9	171.0	204.6	184.5	193.3	202.9	209.5	212.7
Residential	37.9	53.7	60.2	57.8	60.6	60.8	60.1	59.3
Change in business inventories	-10.4	-3.6	24.8	7.2	31.6	20.3	30.6	16.8
Net exports of goods and services	29.7	12.6	-14.2	2.0	-8.3	-11.4	-27.0	-10.2
Exports	147.6	139.5	146.3	141.0	144.9	144.7	147.4	148.2
Imports	118.0	126.9	160.5	139.1	153.2	156.2	174.4	158.4
Government purchases of goods and services	292.7	291.9	302.1	288.8	289.5	302.1	306.1	310.8
Federal	117.0	116.2	122.5	113.0	112.2	123.2	125.0	129.6
State and local	175.7	175.7	179.6	175.8	177.3	178.9	181.1	181.2
New plant and equipment expenditures ($bil.)	282.7	269.2	307.6	284.0	293.2	302.7	313.1	321.4
Implicit price deflator for GNP (1972=100)	207.38	215.34	223.44	218.21	220.58	222.40	224.57	226.10
Disposable income ($bil.)	2,180.5	2,340.1	2,577.7	2,428.6	2,502.2	2,554.3	2,606.4	2,647.8
Disposable income (1972 $bil.)	1,058.3	1,095.4	1,169.3	1,124.3	1,147.6	1,165.3	1,176.5	1,187.7
Per capita disposable income ($)	9,385	9,977	10,891	10,318	10,608	10,806	11,000	11,147
Per capita disposable income (1972 $)	4,555	4,670	4,940	4,778	4,865	4,930	4,965	5,000
U.S. population, total, incl. military abroad (mil.)	232.4	234.5	236.7	235.4	235.9	236.4	237.0	237.5
Civilian population (mil.)	230.1	232.3	234.4	233.2	233.7	234.2	234.8	235.4

See footnotes at end of next table.

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Selected monthly indicators

	Annual			1984						1985
	1982	1983	1984 p	Jan	Aug	Sept	Oct	Nov	Dec	Jan p
	Monthly data seasonally adjusted except as noted									
Industrial production, total[1] (1967=100)	138.8	147.6	163.4	158.5	166.0	165.0	164.4	165.0	165.9	166.6
Manufacturing (1967=100)	137.6	148.2	164.9	159.5	167.6	166.6	166.2	166.7	168.0	168.4
Durable (1967=100)	124.7	134.5	154.8	148.6	157.8	157.1	157.1	157.6	159.2	159.8
Nondurable (1967=100)	156.2	168.1	179.5	175.2	181.7	180.3	179.4	179.9	180.7	180.8
Leading economic indicators[1,8] (1967=100)	136.8	156.0	165.7	164.5	164.4	165.6	164.0	164.8	163.9	166.7
Employment[4] (mil. persons)	99.5	100.8	105.0	103.3	105.1	105.4	105.6	105.9	106.3	106.4
Unemployment rate[4] (%)	9.7	9.6	7.5	8.0	7.5	7.4	7.3	7.1	7.2	7.4
Personal income[1] ($ bil. annual rate)	2,584.6	2,744.2	3,012.8	2,897.4	3,045.8	3,068.3	3,081.6	3,101.6	3,113.6	3,130.1
Hourly earnings in manufacturing[4,5] ($)	8.49	8.83	9.17	9.08	9.14	9.22	9.22	9.30	9.38	9.48
Money stock-M1 (daily avg.) ($bil.)[2]	[6]478.2	[6]528.0	[6]558.7	531.4	548.9	551.5	548.4	553.9	558.7	562.9
Money stock-M2 (daily avg.) ($bil)[2]	[6]1,959.5	[6]2,188.8	[6]2,371.6	2,202.2	2,292.9	2,308.2	2,318.7	2,345.8	2,371.6	2,399.4
Three-month Treasury bill rate[2] (%)	10.686	8.63	9.58	8.93	10.49	10.41	9.97	8.79	8.16	7.76
Aaa corporate bond yield (Moody's)[8,7] (%)	13.79	12.04	12.71	12.20	12.87	12.66	12.63	12.29	12.13	12.08
Interest rate on new home mortgages[5,8] (%)	15.14	12.57	12.38	12.26	12.43	12.53	12.77	12.75	12.55	12.26
Housing starts, private (incl. farm) (thou.)	1,062	1,703	1,747	1,933	1,590	1,669	1,564	1,600	1,595	1,833
Auto sales at retail, total[1] (mil.)	8.0	9.2	10.4	10.7	10.0	10.3	9.7	9.8	11.0	11.1
Business sales, total[1] ($ bil.)	343.5	367.1	409.2	401.1	411.2	410.5	410.6	414.5	416.9p	–
Business inventories, total[1] ($ bil.)	[p]505.5	[p]514.3	[p]566.5	518.1	556.5	560.4	563.8	565.0	566.5p	–
Sales of all retail stores ($ bil.)[1,10]	89.5	97.8	107.8	106.6	106.6	108.2	108.7	110.4	109.9p	110.7
Durable goods stores ($ bil.)	27.0	32.1	37.6	37.1	36.8	37.0	38.4	39.2	38.9p	39.9
Nondurable goods stores ($ bil.)	62.5	65.7	70.2	69.5	69.8	71.2	70.3	71.2	71.0p	70.8
Food stores ($ bil.)	20.8	21.6	22.9	22.5	22.8	23.4	23.2	23.3	23.0p	23.6
Eating and drinking places ($ bil.)	8.6	9.6	10.4	10.3	10.7	10.5	10.4	10.7	10.7p	10.5
Apparel and accessory stores ($ bil.)	4.3	4.5	4.9	4.7	4.8	5.0	4.9	5.1	5.1p	4.8

[1] Department of Commerce. [2] Board of Governors of the Federal Reserve System. [3] Composite index of 12 leading indicators. [4] Department of Labor, Bureau of Labor Statistics. [5] Not seasonally adjusted. [6] December of the year listed. [7] Moody's Investors Service. [8] Federal Home Loan Bank Board. [9] Book value, end of period. [10] Adjusted for seasonal variations, holidays, and trading day differences. p = preliminary. r = revised.

U.S. Agricultural Trade

Prices of principal U.S. agricultural trade products

	Annual			1984						1985
	1982	1983	1984	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Export commodities										
Wheat, f.o.b. vessel, Gulf ports ($/bu.)	4.38	4.30	4.17	4.17	4.18	4.28	4.20	4.16	4.08	4.06
Corn, f.o.b. vessel, Gulf ports ($/bu.)	2.80	3.49	3.50	3.67	3.56	3.43	3.12	3.04	2.98	3.08
Grain sorghum, f.o.b. vessel, Gulf ports ($/bu.)	2.81	3.34	3.00	3.30	2.78	2.72	2.82	2.69	2.76	2.93
Soybeans, f.o.b. vessel, Gulf ports ($/bu.)	6.36	7.31	7.38	7.94	6.98	6.47	6.41	6.49	6.25	6.30
Soybean oil, Decatur (cts./lb.)	18.33	23.51	30.75	28.26	28.88	27.54	30.23	31.92	28.55	27.58
Soybean meal, Decatur ($/ton)	179.70	200.91	166.80	201.23	151.35	144.55	141.02	136.27	136.18	136.13
Cotton, 10 market avg. spot (cts./lb.)	60.10	88.68	68.37	70.55	63.01	61.16	61.15	60.43	60.45	59.96
Tobacco, avg. price of auction (cts./lb.)	172.20	173.96	173.99	168.94	174.92	188.03	184.58	188.03	185.04	181.01
Rice, f.o.b. mill, Houston ($/cwt.)	18.89	19.39	19.47	20.25	19.38	18.69	18.75	18.75	18.75	18.75p
Inedible tallow, Chicago (cts./lb.)	12.85	13.41	17.47	16.00	16.25	16.94	17.77	19.00	17.50	17.50
Import commodities										
Coffee, N.Y. spot ($/lb.)	1.41	1.33	1.46	1.50	1.45	1.46	1.40	1.38	1.38	1.40
Sugar, N.Y. spot (cts./lb.)	19.86	22.04	21.74	21.51	21.72	21.70	21.55	21.39	21.10	20.72
Rubber, N.Y. spot (cts./lb.)	45.48	56.19	49.70	57.64	46.45	46.30	43.58	42.67	42.24	42.04
Cocoa beans, N.Y. ($/lb.)	.75	.92	1.06	1.15	.99	1.04	1.00	1.01	.96	.98
Bananas, ($/40-lb. box)	6.80	7.93	6.70	6.20	6.16	6.88	5.60	4.88	5.43	6.83

p = preliminary. n.a. = not available.

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U.S. agricultural exports by regions

Region and country	January-December		December		Change from year earlier	
	1983	1984[1]	1983	1984[1]	January-December	December
	$ Mil.				Percent	
Western Europe	9,999	8,837	956	944	-12	-1
European Community	7,374	6,529	645	729	-11	13
Belgium-Luxembourg	834	753	86	90	-10	5
France	485	507	54	55	5	2
Germany, Fed. Rep.	1,529	1,065	150	84	-30	-44
Italy	731	806	63	94	10	49
Netherlands	2,576	2,323	183	302	-10	65
United Kingdom	823	754	80	78	-8	-3
Other Western Europe	2,625	2,307	311	216	-12	-31
Portugal	660	698	44	73	6	66
Spain	1,207	1,028	178	88	-15	-51
Switzerland	361	293	51	24	-19	-53
Eastern Europe	639	757	81	85	-10	5
German Dem. Rep.	131	129	13	21	-2	62
Poland	205	194	26	25	-5	-4
USSR	1,473	2,878	253	392	95	55
Asia	14,058	14,907	1,408	1,297	6	-8
West Asia (Mideast)	1,533	1,986	127	177	30	39
Turkey	35	266	6	20	717	150
Iraq	342	535	19	76	56	300
Israel	306	334	31	26	9	-16
Saudi Arabia	445	482	36	31	8	-18
South Asia	1,032	857	82	72	-17	-12
India	699	264	65	8	-62	-88
Pakistan	179	310	8	17	73	113
East and Southeast Asia	11,492	12,064	1,199	1,047	5	-13
China	544	613	95	43	13	-55
Taiwan	1,308	1,458	186	198	11	6
Japan	6,251	6,782	600	594	8	-1
Korea, Rep.	1,840	1,650	189	110	-10	-42
Hong Kong	357	411	31	32	15	3
Indonesia	419	395	37	14	-6	-62
Philippines	332	318	24	19	-4	-21
Africa	2,458	2,973	207	197	21	-5
North Africa	1,510	1,675	76	87	11	14
Morocco	208	396	2	19	90	850
Algeria	211	199	16	29	-6	81
Egypt	970	909	48	40	-6	-17
Other Africa	949	1,298	131	110	37	-16
Nigeria	334	349	50	42	4	-16
Rep. S. Africa	248	481	46	35	94	-24
Latin America and Caribbean	5,213	5,284	439	487	1	11
Brazil	479	508	63	71	6	13
Caribbean Islands	768	819	65	72	7	11
Colombia	250	214	19	15	-14	-21
Mexico	1,942	2,015	130	166	4	28
Peru	311	176	26	16	-43	-38
Venezuela	665	783	76	93	18	22
Canada	1,844	1,964	138	146	7	6
Oceania	216	226	17	17	5	0
Totals[2]	36,099	37,825	3,501	3,565	5	2

[1] Preliminary. [2] Totals may not add due to rounding.

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U.S. agricultural imports

	January-December				December			
	1983	1984	1983	1984	1983	1984	1983	1984
	Thou. units		$ Thou.		Thou. units		$ Thou.	
Animals, live (no.)	1,399	2,121	530,072	619,454	164	206	69,268	63,372
Meats and preps., excl. poultry (mt)	921	980	2,042,909	2,047,612	47	72	106,472	147,991
Beef and veal (mt)	842	595	1,362,913	1,228,394	25	41	55,050	79,463
Pork (mt)	252	356	610,646	754,917	20	28	46,394	61,101
Dairy products (mt)	304	420	701,387	772,934	36	42	81,611	80,870
Poultry products	–	–	97,588	118,072	–	–	7,040	6,412
Fats, oils, and greases (mt)	11	18	6,173	13,022	1	1	474	978
Hides and skins, incl. furskins	–	–	189,387	229,516	–	–	6,436	14,000
Wool, unmanufactured (mt)	46	54	150,010	181,622	5	4	16,927	12,955
Grains and feeds (mt)	1,629	1,971	456,718	566,409	113	195	39,728	52,411
Fruits, nuts, and preparations	–	–	1,863,995	2,464,115	–	–	146,862	179,919
Bananas and plantains (mt)	2,546	2,687	600,303	665,106	213	151	53,542	37,067
Vegetables and preps (mt)	1,735	2,106	1,073,575	1,330,222	152	164	86,545	96,260
Tobacco, unmanufactured (mt)	239	189	743,525	558,098	11	12	31,391	34,798
Cotton, unmanufactured (mt)	15	31	8,609	17,910	1	4	588	1,518
Seeds (mt)	84	82	89,951	99,839	6	6	6,158	7,661
Nursery stock and cut flowers	–	–	236,844	309,148	–	–	16,775	23,060
Sugar, cane or beet (mt)	2,644	2,674	1,025,569	1,108,784	229	149	67,863	63,000
Oilseeds and prods (mt)	1,131	1,052	584,212	797,396	114	93	67,904	64,317
Oilseeds (mt)	210	197	91,883	87,184	23	18	9,355	8,559
Protein meal (mt)	102	116	17,502	16,481	14	16	2,455	1,805
Vegetable oils (mt)	819	739	474,826	691,731	77	60	56,094	53,953
Beverages excl. fruit juices (hl)	12,702	14,272	1,385,833	1,557,428	1,086	1,143	134,251	133,913
Coffee, tea, cocoa, spices (mt)	1,843	1,788	3,939,610	4,856,622	123	128	314,691	334,670
Coffee, incl. products (mt)	1,022	1,105	2,771,052	3,271,144	78	73	220,574	208,067
Cocoa beans and products (mt)	447	476	840,633	1,134,003	28	37	62,656	86,447
Rubber and allied gums (mt)	684	803	654,599	623,501	56	64	57,697	55,642
Other	–	–	748,940	852,754	–	–	54,197	62,608
Total	–	–	16,529,706	19,324,458	–	–	1,334,878	1,436,355

Trade balance

	January-December		December	
	1983	1984	1983	1984
		$ Mil.		
Exports				
Agricultural	36,099	37,825	3,501	3,565
Nonagricultural	159,870	174,232	13,606	15,051
Total[1]	195,969	212,057	17,107	18,616
Imports				
Agricultural	16,530	19,324	1,335	1,436
Nonagricultural	240,150	303,665	20,167	22,701
Total[2]	256,680	322,989	21,502	24,137
Trade balance				
Agricultural	19,569	18,501	2,166	2,129
Nonagricultural	-80,280	-129,433	-6,561	-7,650
Total	-60,711	-110,932	-4,395	-5,521

[1] Domestic exports including Department of Defense shipments (F.A.S. value). [2] Imports for consumption (customs value).

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U.S. agricultural exports

	January-December				December			
	1983	1984	1983	1984	1983	1984	1983	1984
	Thou. units		$ Thou.		Thou. units		$ Thou	
Animals, live (no.)	703	760	283,742	249,171	83	45	22,582	17,551
Meats and preps., excl. poultry (mt)	417	416	915,839	928,082	34	33	68,406	72,324
Dairy products (mt)	365	400	367,728	373,155	31	23	30,060	23,044
Poultry meats (mt)	241	230	277,604	281,969	20	21	24,897	24,432
Fats, oils, and greases (mt)	1,436	1,325	600,319	697,671	135	92	60,203	49,396
Hides and skins incl. furskins	–	–	1,009,935	1,382,805	–	–	94,340	108,901
Cattle hides, whole (no.)	21	25	728,407	1,066,595	2	2	73,200	85,512
Mink pelts (no.)	2,326	2,520	58,854	67,496	123	73	2,877	1,916
Grains and feeds (mt)	105,098	110,994	16,250,021	17,162,153	9,577	10,514	1,541,388	1,502,212
Wheat (mt)	38,468	42,242	6,235,224	6,472,775	3,508	3,591	571,516	550,596
Wheat flour (mt)	1,693	929	269,774	219,519	25	19	5,871	4,056
Rice (mt)	2,416	2,194	925,623	845,454	169	154	68,315	53,808
Feed grains, excl. products (mt)	54,365	57,807	7,265,713	8,109,380	5,279	6,133	771,557	767,383
Feeds and fodders (mt)	7,310	6,996	1,230,136	1,183,133	513	537	93,630	96,087
Other grain products (mt)	846	829	323,551	331,892	83	80	30,495	57,282
Fruits, nuts, and preparations (mt)	2,132	1,914	1,844,040	1,847,399	161	154	147,106	145,387
Vegetables and preparations (mt)	1,557	1,552	980,317	1,001,516	132	163	87,807	96,555
Tobacco, unmanufactured (mt)	238	246	1,461,668	1,511,067	28	35	172,376	211,136
Cotton, excl. linters (mt)	1,201	1,497	1,817,087	2,441,370	144	144	232,448	234,821
Seeds (mt)	269	277	335,868	330,064	26	35	35,665	37,875
Sugar, cane or beet (mt)	194	290	51,872	72,596	29	32	7,007	7,367
Oilseeds and products (mt)	31,843	27,445	8,715,847	8,391,720	2,843	3,562	879,528	933,324
Oilseeds (mt)	23,634	21,166	6,260,355	6,072,041	2,113	2,796	646,727	692,323
Soybeans (mt)	22,704	19,484	5,913,386	5,419,175	2,027	2,376	611,760	565,152
Protein meal (mt)	6,740	4,655	1,567,462	1,049,818	627	597	155,460	114,783
Vegetable oils (mt)	1,469	1,624	888,030	1,269,862	103	169	77,341	126,218
Essential oils (mt)	10	11	93,077	92,104	1	1	8,609	8,171
Other	–	–	1,094,173	1,062,044	–	–	88,384	92,886
Total	–	–	36,099,137	37,824,886	–	–	3,500,806	3,565,382

Indexes of nominal and real trade-weighted dollar exchange rates

	1984										1985
	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan
	April 1971=100											
Total agriculture												
Nominal[1]	538.8	580.4	818.9	661.8	710.1	770.3	823.2	899.3	938.9	1,067.0	1,152.2	1,281.5
Real[2]	96.5	94.4	95.6	97.8	98.0	100.2	*100.6	*102.9	*103.5	*102.6	*104.3	*105.9
Soybeans												
Nominal	155.1	152.9	155.0	162.1	162.4	166.8	168.0	172.6	175.6	175.2	180.6	185.1
Real	92.1	89.3	90.4	93.2	93.4	96.5	*97.4	*100.7	*101.6	*99.6	*102.2	*104.0
Wheat												
Nominal	2,333.9	2,588.1	2,802.5	3,017.9	3,304.7	3,645.3	3,957.5	4,394.5	4,612.4	5,378.4	5,864.8	6,597.9
Real	102.2	101.1	102.3	103.5	104.1	104.4	*104.5	*105.3	*105.1	*106.3	*106.9	*108.1
Corn												
Nominal	528.7	563.2	598.6	640.6	684.1	740.4	789.2	860.0	897.8	1,013.2	1,092.5	1,211.9
Real	95.4	92.7	93.6	96.5	96.5	99.4	*100.3	*103.2	*104.1	*102.3	*104.8	*106.9
Cotton												
Nominal	181.4	180.4	184.0	185.8	187.2	190.3	191.1	195.5	197.0	197.6	207.0	208.8
Real	92.8	91.6	92.1	93.3	94.2	95.6	*96.1	*96.9	*97.7	*97.9	*99.0	*100.0

[1] Nominal values are percentage changes in currency units per dollar, weighted by proportion of agricultural exports from the United States. An increase indicates that the dollar has appreciated. [2] Real values are computed in the same way as the nominal series, adjusted for CPI changes in the countries involved.

*Preliminary; assumes the same rate of CPI increase/decrease as the previous six months.

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World supply and utilization of major crops

	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85 F
				Mil. units			
Wheat							
Area (hectare)	228.9	227.6	236.5	239.3	238.5	228.8	231.7
Production (metric ton)	446.8	422.8	442.7	448.5	478.6	489.4	516.0
Exports (metric ton)[1]	72.0	86.0	94.1	101.3	98.6	103.7	108.2
Consumption (metric ton)[2]	430.2	443.5	445.6	441.6	467.1	484.2	504.4
Ending stocks (metric ton)[3]	100.9	80.4	78.2	85.1	96.6	101.8	113.4
Coarse grains							
Area (hectare)	342.8	341.1	336.6	343.9	332.4	329.2	332.9
Production (metric ton)	753.6	741.5	732.0	768.7	777.6	689.0	797.1
Exports (metric ton)[1]	90.2	98.8	108.4	97.3	90.3	91.6	102.3
Consumption (metric ton)[2]	748.1	740.3	742.1	739.1	751.6	759.7	775.9
Ending stocks (metric ton)[3]	91.2	91.6	82.8	112.4	138.5	67.8	69.0
Rice, milled							
Area (hectare)	144.1	143.1	144.3	145.1	141.1	144.6	144.2
Production (metric ton)	260.7	263.9	271.0	280.6	285.5	307.0	316.6
Exports (metric ton)[4]	11.6	12.7	13.1	11.6	11.9	12.5	11.6
Consumption (metric ton)[2]	255.8	257.8	272.2	281.3	289.5	307.1	314.2
Ending stocks (metric ton)[3]	27.7	23.4	22.1	21.3	17.3	17.1	19.5
Total grains							
Area (hectare)	715.8	711.8	717.4	728.3	712.0	702.6	708.8
Production (metric ton)	1,461.1	1,418.2	1,445.7	1,497.8	1,541.7	1,485.4	1,629.7
Exports (metric ton)[1]	173.8	197.5	215.6	210.2	200.9	207.8	220.1
Consumption (metric ton)[2]	1,434.1	1,441.9	1,459.9	1,462.0	1,508.2	1,551.0	1,594.5
Ending stocks (metric ton)[3]	219.8	195.4	183.1	216.8	252.4	186.7	221.9
Oilseeds							
Production (metric ton)	150.5	170.1	165.5	170.0	178.2	166.3	186.5
Trade (metric ton)	30.7	35.9	32.1	35.8	34.9	32.8	32.7
Meals							
Production (metric ton)	84.5	92.9	90.6	96.3	99.7	94.9	101.3
Trade (metric ton)	22.8	26.5	25.9	26.6	31.3	29.5	29.9
Oils							
Production (metric ton)	36.9	39.7	40.0	42.6	44.0	43.5	46.7
Trade (metric ton)	10.9	12.8	12.5	13.3	14.1	13.6	15.0
Cotton							
Area (hectare)	32.4	32.2	32.4	33.2	31.9	31.5	33.9
Production (bale)	59.6	65.2	64.8	70.8	67.5	67.6	84.3
Exports (bale)	19.7	23.1	19.7	20.2	19.4	19.4	20.7
Consumption (bale)	62.0	65.3	65.9	65.5	68.0	68.7	69.7
Ending stocks (bale)	24.1	24.0	24.1	25.4	24.9	24.5	38.7

F = Forecast. [1]Excludes intra-EC trade. [2]Where stocks data not available (excluding USSR), consumption includes stock changes. [3]Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries. Includes estimated change in USSR grain stocks but not absolute level. [4]Calendar year data. 1979 data correspond with 1978/79, etc.

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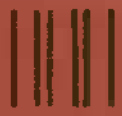

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